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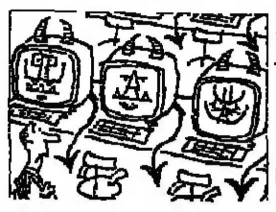

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FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY JANUARY 25 1994

EU enlargement plan unlikely to meet target date

Negotiations to bring Sweden, Austria, Finland and Norway into the European Union now look unlikely to be completed by the March 1 deadline required for the enlargement to take place as planned in January next year. With five weeks to go, progress on crucial issues like agriculture is slowing and opinion inside the European parliament is hardening against "fast-track" ratification. Page 20

Threat to Euro Disney: Euro Disney, the financially crippled leisure group, faces the new threat of a growing secondary market in its debt following the sale at a "distressed" price of a second parcel of its loans by one of the original creditors. Page 21

Channel tunnel rail link: The final route of the long-delayed fast rail link between London and the Channel tunnel was announced in a decision which will remove planning blight from hundreds of homes. The £2.6bn ($3.84bn) project has been dogged by delays and route changes. Page 20

MGN seeks stake: Mirror Group Newspapers is seeking 40 per cent of Newspaper Publishing, the company that publishes the two British newspapers, the Independent and the Independent on Sunday. Apart from MGN and the founders of the Independent, the consortium includes the two largest existing shareholders: the Spanish and Italian newspaper groups El Pais and La Repubblica. Page 21

US pledge on Bosnia air strikes

The US and France sought to play down divisions in western policy towards Bosnia with a pledge by the US that it would join in possible air strikes in support of UN efforts to protect and feed refugees. US secretary of state Warren Christopher (left) said after meeting Alain Juppé, his French opposite number: "It is now understood the US is prepared to carry out its commitment at Nato to use air power." Page 3

Israel and PLO agree: Israel and the Palestine Liberation Organisation appear to have struck a compromise on security at border crossings, paving the way for the long-delayed implementation of Palestinian self-rule in the Gaza Strip and West Bank area of Jericho. Page 4

Norway bank merger: Christiania Bank and Fokus Bank, two of Norway's biggest banks, opened talks on a proposed merger, leading to one of the biggest rationalisations of Norway's troubled banking sector since it plunged into a loan loss crisis at the turn of the decade. Page 21

UK seeks defence role: Britain has invited the French and German defence ministers for a discreet meeting tomorrow to discuss European military plans. The UK is now anxious to play a central role in moves to develop the Western European Union as the EU's defence arm. Page 2

New chief for SAS: Jan Stenberg, 54, agreed to become chief executive of Scandinavian Airlines System from April 1. He has spent his entire career at Ericsson, the Swedish telecommunications group. Page 21

Lonrho holding falls: Lonrho, the international trading group, will today disclose that the value of its holding in Metropole Hotels has fallen by around $266m. Page 22

Charge puts Corning in red: Corning, the US glass and high-technology manufacturer, revealed a fourth-quarter net loss of $120.9m after taking a $203m charge related to breast-implant litigation. Page 24

Former Efim chief held: The former chairman of the Efim state holding corporation, Gaetano Mancini, has been arrested on charges of false accounting and fraud. Italian police are also seeking the former chairman of Efim's Alumix aluminium subsidiary, Corrado Innocenti. Page 2

Japanese cars hit: Japanese vehicle production recorded its sharpest fall for 19 years, underlining the depressed state of the economy, according to a report by the Japan Automobile Manufacturers' Association. Page 4

Beckman cuts jobs: Beckman Instruments, the US maker of laboratory instruments, is to cut jobs by 800 worldwide. Page 23

■ STOCK MARKET INDICES

FT-SE 100:	3481.4	(-2.8)
Yield	3.38	
FT-SE Eurotrack 100	1482.11	(+10.45)
FT-SE-A All-Share	1742.88	(-0.0%)
Nikkei	18,353.24	(-954.19)
New York lunchtime:		
Dow Jones Ind Ave	3928.83	(+14.35)
S&P Composite	474.78	(+0.06)

■ US LUNCHTIME RATES

Federal Funds:	3%
3-mo Treas Bills: Yld	2.982%
Long Bond	99¼
Yield	6.264%

■ LONDON MONEY

3-mo Interbank	$5\frac{7}{16}$%	(Same)
Liffe long gilt future:	Mar $119\frac{25}{32}$	(Mar $119\frac{5}{8}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (Mar)	$14.01	(13.83)

■ Gold

New York Comex (Feb)	$381.4	(381.7)
London	$380.25	(385.25)

■ STERLING

New York lunchtime:		
$	1.4945	
London:		
$	1.496	(1.495)
DM	2.6185	(2.6122)
FFr	8.8828	(8.8697)
SFr	2.1905	(2.1913)
Y	167.29	(166.253)
£ Index	82.8	(82.6)

■ DOLLAR

New York lunchtime:		
DM	1.75	
FFr	5.942	
SFr	1.4655	
Y	111.745	
London:		
DM	1.7504	(1.7474)
FFr	5.9377	(5.9331)
SFr	1.4643	(1.4658)
Y	111.825	(111.21)
$ Index	67.5	(67.4)
Tokyo close Y 112.1		

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft 185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr18	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L10000
						UAE	Dh12.00

Clinton, riding high, heads for rough country

By Jurek Martin in Washington

By one yardstick, President Bill Clinton has good reason to look forward to presenting his first official State of the Union address to Congress tonight.

He will speak after a first year of legislative achievement unmatched by any newly elected president since Dwight Eisenhower in 1953, with the economy cruising along very nicely and a budget deficit now projected at a mere $180bn (£122bn), and, in consequence, with his own popularity rising back to where it was when he assumed office.

He could take encouragement from the fact that his initial address to Congress last February (technically not a State of the Union message) was considered by all a raging success and that he has taken the leadership in enunciating public concerns about the great issues of the moment – healthcare, crime and gun control and welfare reforms.

By another measure, however, his remains an afflicted presidency, still struggling to find consistency. He is currently embarrassed by difficulties in finding a defence secretary, troubled by the Whitewater investigations into his financial dealings in Arkansas in the 1980s, and, overseas, disturbed that the Russian commitments to reform given him in Moscow only 10 days ago now look very suspect, while the situation in Bosnia deteriorates by the hour.

Moreover, both parties in Congress remain deeply divided over what to do about healthcare, crime and welfare reform, reducing the president's chances of clear-cut victories. Mr Clinton declared over the weekend that "gridlock" was over, a post-North American Free Trade Agreement sentiment officially shared by the leadership of both parties. But declarations of its demise may yet prove premature.

Even before any of the big issues come to the crunch on Capitol Hill, his most immediate problem is next month's Senate debate on the balanced budget amendment. Passage against his wishes would not only encourage Republicans but might persuade Democrats up for re-election in November to desert the presidential cause on other matters.

Also, Mr Ross Perot, the third force in contemporary US politics, promised to mobilise his troops in favour of the balanced budget and against healthcare reform. Many members of Congress fear his grassroots power.

Still, one of the great advantages of the ceremonial State of the Union message is that it gives the president an unchallenged pulpit to go over the heads of a carping capital and talk to the nation about his agenda and rationale. The specifics may be lightly touched on but the broad themes are intended to strike important national chords.

Mr Clinton has done this effectively in recent speeches on the question of

Continued on Page 20

Yeltsin criticises 'mistakes' made by Chernomyrdin

Russian prime minister attacked over formation of government

By Leyla Boulton in Moscow and George Graham in Washington

Mr Boris Yeltsin, the Russian president, yesterday reproached Mr Victor Chernomyrdin, his prime minister, for "mistakes" in forming his new government and rejected the resignation of Mr Boris Fyodorov as finance minister.

Mr Fyodorov, who had been asked at the weekend to stay on by an apparently chastened Mr Chernomyrdin, was holding out for the dismissal of Mr Victor Gerashchenko as central bank chairman before he would agree to remain in the cabinet.

While Mr Yeltsin wants to keep his reputation as a reformist intact, Mr Chernomyrdin, stung by the international outcry over his plans to "correct" reforms and let Mr Fyodorov go, has dismissed the backlash as being whipped up against him "in somebody's interest".

Mr Alexander Shokhin, his new economics minister, went further, saying a press campaign aimed to topple Mr Chernomyrdin by the spring.

Meanwhile, Professor Jeffrey Sachs, the most vocal foreign adviser to the Russian government until his resignation last week, blamed the International Monetary Fund for not disbursing enough funds to support reformers. He said the Fund's chief, Mr Michel Camdessus, should quit.

In Washington, Mr Strobe Talbott, special adviser on the former Soviet Union to Mr Warren Christopher, US secretary of state, warned the new Russian government that foreign aid would remain closely linked to economic reform.

"Our support will follow their reform. It cannot be the other way around," said Mr Talbott, who was accused by some Russian reformers of undermining them recently when he called for "less shock, more therapy" after last month's election results.

"Gradual reform is a prescription for hyperinflation and economic collapse," Mr Talbott added, while warning that the US must not expect results overnight.

The Clinton administration has come under fire from members of Congress for pinning its policies too closely to the fate of Mr Yeltsin.

Although the Russian president did not see Mr Fyodorov as expected yesterday, Mr Sergei Alexashenko, the deputy finance minister, said the two men might meet today.

"It is very important [for Fyodorov] to have a meeting with the president. He may agree [to stay] but only on certain conditions which must be agreed with the president," Mr Alexashenko said.

Mr Fyodorov instead met Mr Vladimir Shcherbakov, the man who is being considered by Mr Chernomyrdin as his replacement at the finance ministry.

Mr Shcherbakov, who now runs a Russian investment fund, belonged to the last Soviet government which tried to depose President Mikhail Gorbachev. "He will accept any spending decisions. He will be a decoration," said Mr Alexashenko.

Mr Yeltsin's spokesman gave no details of the "mistakes" for which the president had berated his premier. But one possible compromise is that Mr Fyodorov might be offered a vacant post asa first deputy prime minister.

Stung into action: Italian bee keepers demonstrating outside the European Union building yesterday AP

Taste of honey sweetens bee keepers' Brussels protest

By David Gardner in Brussels

No cliché was spared as 2,000 European bee keepers protested outside a meeting of EU agriculture ministers yesterday.

The angry swarm demanded subsidies to help combat cheap imports of honey from Mexico and China.

"Don't let bee keeping die out!" the apiculturists' banners appealed, on behalf of a proclaimed 480,000 bee keepers across Europe, as officials and journalists reeled off the puns.

"They're saying it's a to bee or not to bee situation," smirked one official. Another opined: "We'll have to keep them sweet."

Amid the merriment the demonstrators, more gentle in demeanour than the normal run of irate farmer descending on Brussels, handed out free honey, emphasising the environmental contribution bees make through pollenising plants.

The French Apiculture Union distributed an ingenious fly-sheet sporting the authority of one "A. Einstein", who apparently declared: "If the bee were to disappear from the earth, man would have no more than four years of life left."

The European Commission, at any rate, was unstung by the criticism, insisting that there were only 14,000 real EU bee keepers (with 150 hives or more each); that they get national subsidies per hive in the main

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Japanese stock market plunges

By William Dawkins and Emiko Terazono in Tokyo

Japanese share prices plunged yesterday amid fears of political turmoil after the defeat of political reform bills initiated by Mr Morihiro Hosokawa, the prime minister.

The Nikkei index of 225 leading shares fell 954.19 points, or 4.9 per cent, the largest single-day drop since August 1991, as shaken investors and dealers rushed to unload their holdings.

Investors were also worried that political difficulties might further delay the government's ability to stimulate the stumbling economy. The Keidanren, the leading business federation, called on Mr Hosokawa not to call a snap general election. Prolonged political uncertainty would further damage the economy, warned Mr Gaishi Hiraiwa, the Keidanren's chairman.

Parliamentary officials of the ruling seven-party coalition met members of the opposition Liberal Democratic party to try to form a joint panel of the upper and lower houses as a forum for compromise. They plan to meet again today.

The LDP blamed "co-ordination" difficulties. The party is

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Vehicle output behind US, Page 4
World stocks, Page 42

Boeing sees no sign of early upturn as deliveries decline

By Richard Tomkins in New York

Fewer orders from the world's beleaguered airline industry caused Boeing, the US aircraft maker, to report a 15 per cent fall in net fourth-quarter profits to $304m yesterday.

The company said the number of airliners delivered during the quarter dropped from 102 the previous year to 61, and said it expected no reversal of the downward trend until deliveries of its new 777 began in the middle of next year.

Last Friday Boeing sent a positive signal to the market by confirming reports that it was shedding 3,000 fewer jobs than the 28,000 it had expected to cut a year ago, partly because of the early phases of work on a new derivative of the 737 family known as the 737-700.

Yesterday, however, the company emphasised that recovery was still a long way off.

The total number of airliner deliveries in the year just begun was expected to fall from 330 last year to between 250 and 260, it said, and sales were expected to decline from last year's $25.4bn and $30.2bn in 1992 to between $20bn and $21bn.

Fourth-quarter turnover dropped from $7.5bn to $5.7bn, and earnings per share fell from $1.05 to 89 cents.

For the year as a whole, net profits fell from $1.56bn to $1.24bn and earnings per share dropped from $4.57 to $3.66. Analysts are forecasting another sharp decline in profits for the current year.

Boeing said airline operating performance remained mixed, reflecting the varying economic conditions around the world. Overall, increases in passenger traffic and revenues had contributed to better net revenue yields last year but not all markets had improved.

It said the timing of an upturn in orders would be determined by sustained economic growth in the main airline markets and the financial health of the airline industry.

"The company remains optimistic about the longer-term global market and Boeing's ability to maintain a favourable market share," it said.

Assembly of the 777 twin-jet was continuing on schedule, Boeing said, with roll-out of the first aircraft due in April and flight testing beginning in the summer. Announced orders for the aircraft from 16 customers worldwide totalled 147.

Boeing said defence and space side orders were 20 per cent lower than last year, but operating margins in these businesses had improved through strong programme performance and "excellent" cost management.

Boeing 777 roll-out, Page 24

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NEWS: EUROPE

France and Germany invited to a Nato summit follow-up

UK calls EU defence talks

By David White, Defence Correspondent

Britain has invited the French and German defence ministers for a discreet meeting tomorrow to discuss European military plans in the wake of the Nato summit a fortnight ago.

The unprecedented trilateral meeting, which will be hosted Mr Malcolm Rifkind, UK defence secretary, is indicative of a shift in the British government's attitude towards European initiatives in defence.

The UK is now anxious to play a central role in plans to develop the Western European Union (WEU) as the EU's defence arm, capable of deploying its own forces for peace-keeping and other duties outside the Nato area.

Defence officials in Bonn described the talks, which are due to be attended by Mr Volker Rühe for Germany and Mr François Léotard for France, as an "informal working meeting".

The British government is concerned about the formation of a Franco-German axis at the heart of European defence plans, and wants to use the meeting to ensure it is not left on the sidelines. This marks a sharp change since arguments two years ago about Franco-German plans for a joint army corps. Britain saw the corps, which is now due to include units from Belgium and Spain, as threatening to undermine Nato.

British and US concerns have since been allayed by arrangements ensuring that the troops could come under Nato command in a crisis.

The Nato summit highlighted the Clinton administration's support for a strong "European pillar" in the alliance, with less reliance being placed on US forces. The ministers are expected to discuss US-inspired proposals for Combined Joint Task Forces, designed to enable either Nato or the WEU to deploy troops in response to emergencies such as Bosnia.

France, although it keeps its forces separate from Nato's command structure, is due to participate fully in the plans.

These will involve special new headquarters arrangements at key Nato commands.

Allies are also keen to ensure that Germany plays a full role, despite its present constitutional difficulties over the sending of troops overseas.

Rescuers recovering one of nine workers injured yesterday in an explosion at the Metaleurop zinc refinery in Noyelles-Godault, northern France. A blast at the same plant last July killed 10 people

Thatcher's EU budget rebate deal becomes Bonn poll issue

Britain unites German parties

By Quentin Peel in Bonn

Left and right have joined forces across the German political spectrum in a bid to abolish one of the few things which actually unites them – the British budget rebate from the European Union.

The painful subject of the British rebate, successfully but bitterly negotiated by Mrs Margaret Thatcher in the early 1980s, re-emerged yesterday as a German election issue when the opposition Social Democratic party (SPD) called for its cancellation. With all the political parties gearing up for a tough European election campaign, followed by a full-scale general election, the whole question of Germany's own soaring net contributions to the EU budget looks like emerging as a main theme. Bonn's failure to negotiate its own budget "abatement", or at least an end to the British deal, is now under attack from left and right.

Mrs Ingrid Matthäus-Maier, deputy leader of the SPD in the Bundestag, said it was no longer justifiable for Germany to be paying DM1.5bn (£580m) a year extra to Brussels in order to reduce UK contributions.

Germany's own net contribution is expected to total DM23.4bn for 1993, including the extra payment for the UK.

The demand for a renegotiation has also been made by the conservative Bavarian-based Christian Social Union (CSU), the sister party of Chancellor Helmut Kohl's Christian Democratic Union (CDU).

Mr Thomas Goppel, the CSU European affairs minister for Bavaria, has called for either a new German rebate, or for abolition of the British rebate.

'These are politically popular suggestions. It is another matter seeing if they can be put into effect in the real world'

The irony is that the CSU is led by Mr Theo Waigel, the German finance minister, and therefore the man most responsible for negotiating Bonn's EU budget relations. He is now under pressure both from his own party, and the SPD opposition, because of his failure to win a better deal in Brussels.

Both parties are acutely conscious of the rise of more vehemently anti-EU critics, like the far-right Republicans, or the newly-founded Free Citizens' Alliance of anti-Maastricht campaigner Mr Manfred Brunner, both of whom plan to campaign to reduce Germany's EU contributions.

The problem for Chancellor Kohl and Mr Waigel is that there is very little they can do to counter the criticism. The British budget rebate is now fixed until 1999, as part of the agreement on new financial resources for the EU, finalised in Edinburgh in December 1992.

As the man from the Finance Ministry said: "These are politically popular suggestions. It is another matter seeing if they can be put into effect in the real world."

Chirac refuses to lead conservative Euro-fight

By David Buchan in Paris

France's conservative coalition has been forced to continue its search for someone to lead its campaign into this June's European parliament elections following the refusal by Mr Jacques Chirac, the Gaullist RPR leader, to do so.

Mr Chirac's refusal was couched in terms which made clear his determination to challenge any attempt by Mr Edouard Balladur, the prime minister, for the presidency in 1995. "The constraints" of the Euro-election campaign would be "a distraction", Mr Chirac said, from his goal of planning "the big reforms of our time".

In fact, it was Mr Chirac's own aides who fuelled recent speculation that he might head a joint ticket of the Gaullists and the UDF centre-right, perhaps as a way of reminding the French electorate of the mayor of Paris's existence.

For Euro-elections, French parties present national lists, often headed by notables who on election immediately pass their Strasbourg seats to underlings. In the end, Mr Chirac appears to have calculated that the risk of doing badly in the Euro-elections, which voters see as an opportunity to discomfit the government, outweighed his acute need for publicity.

To preserve his government's unity and his own poll standing, Mr Balladur is urging RPR-UDF unity in the Euro-elections. But Mr Valéry Giscard d'Estaing, the UDF leader, insists the two parties must share what he calls "the three unities" – a single programme, a single list of candidates and a single parliamentary group in Strasbourg. This would involve the RPR joining the UDF in the Christian Democrat group in the parliament.

French consumer spending stays flat

By John Ridding in Paris

The fragile nature of France's economic recovery was underlined yesterday by the release of statistics which showed flat consumer spending on manufactured goods in December.

The weak performance in December meant that fourth-quarter spending on manufactured goods contracted by 1.1 per cent compared with the July-September period, undermining hopes of a revival in demand. The statistics also raised fears of a fall in overall gross domestic product.

"The results for December were surprisingly weak," said Mr Jean-François Mercier, economist at Salomon Bros. "They show that consumers are still very cautious in the face of rising unemployment and falling incomes."

In addition to the uncertain economic outlook, the weak consumer spending figures were blamed on the effect of increases in certain taxes. Duties on petrol and alcohol were raised, as were social security payments. "Part of the fall in fourth-quarter spending probably reflected the delayed impact of these measures," said one economist.

Concerns about rising unemployment, which is currently in excess of 3.2m, and about the sluggish state of demand, has prompted the government to consider further measures. Mr Edouard Balladur, the prime minister, has held a series of meetings with business leaders and economic officials to discuss what action might be taken.

Austrian leader denies he will quit over affair

The Austrian president, Mr Thomas Klestil, who is under increasing political pressure over a love affair with an aide, denied yesterday he was considering resignation, Reuter reports from Vienna.

"I will survive this," Austrian state television quoted Mr Klestil as saying, breaking a 48-hour silence on the growing scandal. In its main news bulletin, the TV station said Mr Klestil's office had confirmed the text of an interview in which the president declared himself "optimistic" and ruled out any thought of resigning.

Mr Klestil's wife of 37 years, Edith, left him earlier this month saying she could no longer bear his close relationship with the aide, Ms Margot Löffler, 39, who like Mr Klestil was a career diplomat.

The 61-year-old president promised at the weekend he would act quickly to resolve his personal crisis, but yesterday political friends and media commentators increased pressure on him for a clear choice between mistress and job.

Mr Klestil, in the interview due to appear in today's Die Presse newspaper, said he would go ahead with a scheduled speech at the United Nations building in Vienna on the role of family values in bolstering world peace.

A polished politician allied to the conservative People's party (OeVP), Mr Klestil was elected president in 1992, replacing Kurt Waldheim, whose term of office was overshadowed by allegations of Nazi wartime crimes. Although largely ceremonial and non-partisan, the office of president is highly respected by Austrians, many of whom defended Mr Waldheim the more he was ostracised abroad.

Most commentators believe Mr Klestil can remain in office only if he parts with Ms Löffler. Damage also is great for his party, the junior partner in the coalition government. It has steadily lost ground to the Freedom party of right-wing populist, Mr Joerg Haider. If Mr Klestil decided to resign, the country would face new presidential elections in a political year already booked full with a general election, state polls and a referendum on joining the EU.

"If Klestil wants to show he's fit for office he'll sign the order to send her [Ms Löffler] as special envoy to Finland," said the Täglich Alles newspaper.

Ex-chief of Efim arrested

By David Lane in Milan

The former chairman of the Efim state holding corporation, Mr Gaetano Mancini, has been arrested on charges of false accounting and fraud. Italian police are also seeking the former chairman of Efim's Alumix aluminium subsidiary, Mr Corrado Innocenti.

The charges relate to consultancy fees paid when Efim's aluminium sector was restructured at the end of the 1980s. Investigators are examining allegations that fees in a L5.3bn (£2m) contract awarded to the Moberis consultancy firm were swollen to provide L1.5bn in kickbacks.

Mr Mancini, 70, was the last chairman at Efim, whose large losses and heavy indebtedness underlay the government's decision in July 1992 that it should be placed in liquidation.

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Super dinar fails to deliver

By Laura Silber in Belgrade

Serb-led Yugoslavia yesterday introduced a new currency – the "super dinar" – as part of a package of economic measures aimed at stopping hyperinflation and rebuilding the monetary system.

The Yugoslav government, in an attempt to restore confidence, claimed the new dinar would be fully convertible, and backed up by DM500m (£195.3m) in hard currency and gold reserves. It would be pegged at a rate of one German D-Mark.

However, yesterday inhabitants of Belgrade waited in vain for the new banknotes to arrive in the Serbian capital. The payment of pensions was postponed. There was scant hope of converting dinars into hard currency after reports that the procedure would be complicated and take days.

Shopkeepers closed their doors, grappling with the complicated task of introducing two accounting systems.

The economy of the rump Yugoslavia – Serbia and Montenegro – has been devastated after 20 months of United Nations sanctions, nearly three years of war and the collapse of trade between the former Yugoslav republics.

Inflation ran at 1m per cent for December alone. Industrial production has dropped by about 60 per cent in relation to three years ago. Almost half the 2.4m non-agricultural labour force is without jobs. The average monthly wage last year fell to DM10 from DM550 in 1990.

Last autumn, with inflation in the trillions, the government slashed 15 zeros off bank notes in a bid to keep the dinar in use.

Old dinars, which yesterday were trading at 13m for one new dinar, will remain in circulation.

But D-Marks have virtually replaced the national currency, and "markici", the Serbian nickname for pfennigs, are likely to remain the most treasured commodity.

Belgrade economists said the government's reform programme failed to tackle the economy's main problems, such as the need to cut public spending, subsidies and military spending. Instead it relies on steep tax rises, especially in the tiny private sector, to raise money for the empty state coffers.

The programme will levy a range of new taxes on businesses, which some companies, already hit by UN sanctions, fear will drive them out of business.

Mr Jurij Bajec, an economics professor at Belgrade University, cautioned: "This programme has a chance if the government takes it very seriously and acts very responsibly."

Mr Danijel Cvjeticanin, an economics professor, said Serbian President Slobodan Milosevic was afraid to shut loss-*making factories. "Most work*ers are idle but are still paid. The state will now be forced to pay social benefits rather than individual businesses."

Warren Christopher answers questions after meeting Alain Juppé (left) yesterday Associated Press

US pledges backing for Bosnia action

By David Buchan in Paris, Laura Silber in Belgrade and Gillian Tett in London

The US and France yesterday sought to play down divisions in western policy towards Bosnia with a pledge by the US that it would join in possible air strikes in Bosnia in support of United Nations efforts to protect and feed refugees.

After meeting his French opposite number, Mr Alain Juppé, Mr Warren Christopher, the US secretary of state, said: "It is now understood the US is prepared to carry out its commitment at Nato to use air power."

The meeting, which had ostensibly been called to "clarify" the French and US position towards Bosnia, came as confusion over the threatened air strikes threatened to reopen divisions within the alliance over Bosnia.

Two weeks ago the Nato summit had threatened possible air strikes if UN forces were thwarted in opening the Bosnian airport of Tuzla to aid and in relieving peace-keepers in Srebrenica.

Amid signs that the British, and other Nato members, remained sceptical about the possibility of air strikes, Mr Juppé said: "We are going to try to do this, and if anyone tries to stop us we will use air power."

On the diplomatic front, Mr Juppé also indicated his hope that a stronger US endorsement of the European Union proposal to carve Bosnia into three ethnic regions would increase the chances of it finally being accepted by the warring parties.

The comments came as Britain, France and Canada stepped up their discussions over the possible withdrawal of the United Nations protection forces in Bosnia.

Following the visit by Mr Douglas Hurd, British foreign secretary, to Bosnia last week, he is to meet Mr Boutros Boutros Ghali, UN secretary general, in New York next Monday, before going on to Washington for discussions with Mr Christopher, it emerged yesterday.

With Mr Hurd still undecided about a possible withdrawal of the British troops serving in Bosnia, Mr Malcolm Rifkind, UK defence minister, will also visit Bosnia.

Meanwhile in Zagreb, General Jean Cot, the outgoing French commander of UN troops in former Yugoslavia, yesterday said reforms were under way to improve peace-keeping and help deliver humanitarian relief. He spoke after swearing in General Sir Michael Rose of Britain as the new deputy in charge of UN troops in Bosnia.

Gen Rose replaced Belgian General Francis Briquemont who declined to renew his contract.

Diplomatic woes complicate Macedonia's reform efforts

Kerin Hope on the many obstacles to viable statehood

Mr Savo Stankovic, Macedonia's leading exporter of printed circuit boards, points to the factory he is having built outside Skopje, the capital: "If things were different, that plant would be on an industrial estate in Greece."

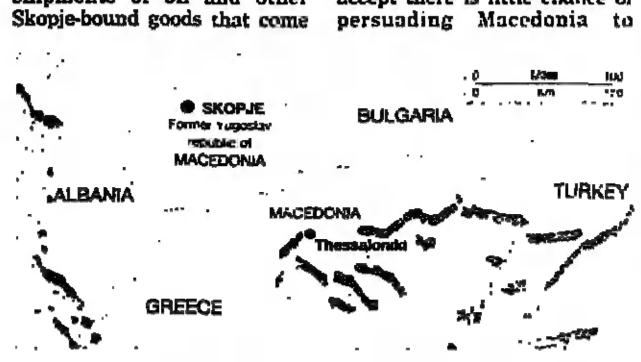
Until two years ago Computronica, Mr Stankovic's company, received most of its orders from Greek electronics suppliers. But after Greece refused to recognise the former Yugoslav republic, on the grounds that its name amounted to a territorial claim on the northern Greek province of Macedonia, his Greek customers "telephoned to say they were under official pressure to stop doing business with Skopje".

"Business was growing so fast I'd planned to apply for incentives offered under the Greek foreign investment law, for manufacturing high-tech products there. Instead, I was questioned by the Greek police during a business trip and then refused a visa."

Because bank loans were not available while Macedonia was struggling for international recognition, Mr Stankovic had to invest his own capital, together with funds provided by German customers, to build the $8m (£5.4m) plant at home. He says he already has orders, worth $650,000 a month, from Germany and Turkey.

Mr Stankovic's experience underlines how Balkan politics have exacerbated the problems facing Macedonian businesses since the republic broke away from Yugoslavia in 1991. Just as Macedonia was starting the transition to a market economy, UN sanctions were imposed against Serbia, its main trading partner.

Although Macedonia is now a UN member developing ties with several European Union member states, Greece continues to harass its neighbour, refusing entry to Macedonian passport-holders and delaying shipments of oil and other Skopje-bound goods that come through the northern port of Thessaloniki, Macedonia's closest outlet to the sea.



Greece objects not just to Macedonia's name, but to its flag, which carries a sunburst symbol associated with the northern Greek dynasty of Alexander the Great, and its constitution, thought by the Greeks to endorse an expansionist vision of uniting with Greek Macedonia.

The underlying fear is that Greece's Slav-speaking minority, never fully assimilated and with strong ties to Macedonia, could one day adopt a political platform calling for self-determination.

Hopes that Greece's current responsibility as EU president for promoting a common foreign policy would stimulate a change in attitude were dashed at the outset, when Prime Minister Andreas Papandreou refused to rule out closing the border with Macedonia.

However, Mr Papandreou has since hinted that Greece may be willing to hold direct talks with Macedonia under UN auspices. Greek officials accept there is little chance of persuading Macedonia to change its name, but are hopeful of pacifying public opinion by winning concessions over the flag and constitution.

Mr Kiro Gligorov, Macedonia's president, has said he is willing to sign an agreement guaranteeing the border with Greece. He adds: "We want to start the dialogue with Greece in New York, under UN sponsorship, and work out a package solution covering all our differences."

Two years of diplomatic and economic isolation have taken a heavy toll, with gross domestic product falling by more than 30 per cent since 1991. Per capita income has dropped by half to less than $700.

Industrial production is collapsing, with Macedonia's steel and nickel producers both close to shutting down because of difficulties in exporting. The textile industry is operating at 30 per cent of capacity, according to government officials.

A severe drought cut agricultural output last year by more than 20 per cent and halted exports of early vegetables.

On the advice of the International Monetary Fund, Macedonia took the unusual step of asking for donations from abroad to cover repayment of $85m in debt owed to the World Bank.

Although the government hoped that Ecu50m (£29m) in aid promised last year by EU member states could be used to cover the debt, only $20m of that amount has been pledged so far, with the US contributing another $5m. However, Mr George Soros, the international financier, has come to the rescue, promising the Macedonian government a short-term bridging loan.

The government has already agreed with the IMF on an economic reform programme, in return for a stand-by facility of $25m this year. Once its World Bank arrears are covered, Macedonia will be eligible for up to $140m in fresh loans for infrastructure projects.

The best way to revive trade and eventually attract investment, the government says, is to bypass both Greece and Serbia, and build new communications links with Albania, Bulgaria and Turkey. A telecoms project is already under way and inter-government talks on constructing a trans-Balkan highway, from Tirana to Istanbul, to include some private sector financing, are to be held in Sofia this month.

NEWS IN BRIEF

German state sees inflation rate rise

The inflation rate accelerated in the month to mid-January in North Rhine Westphalia, west Germany's most populous state, rising 0.8 per cent compared with a 0.2 per cent increase in December, writes Christopher Parkes in Frankfurt. However, the annual rate slowed to 3.3 per cent after 3.5 per cent a month earlier, according to provisional figures released yesterday.

Statistics due later this week from three other states are expected to show similar shifts, mainly because of increased fuel taxes and insurance premiums.

Analysts expect preliminary figures for the whole of Germany based on results from the four biggest states to show an annual rate of around 3.5 per cent, compared with 3.7 per cent in December.

Steelmaker to cut 1,100 jobs

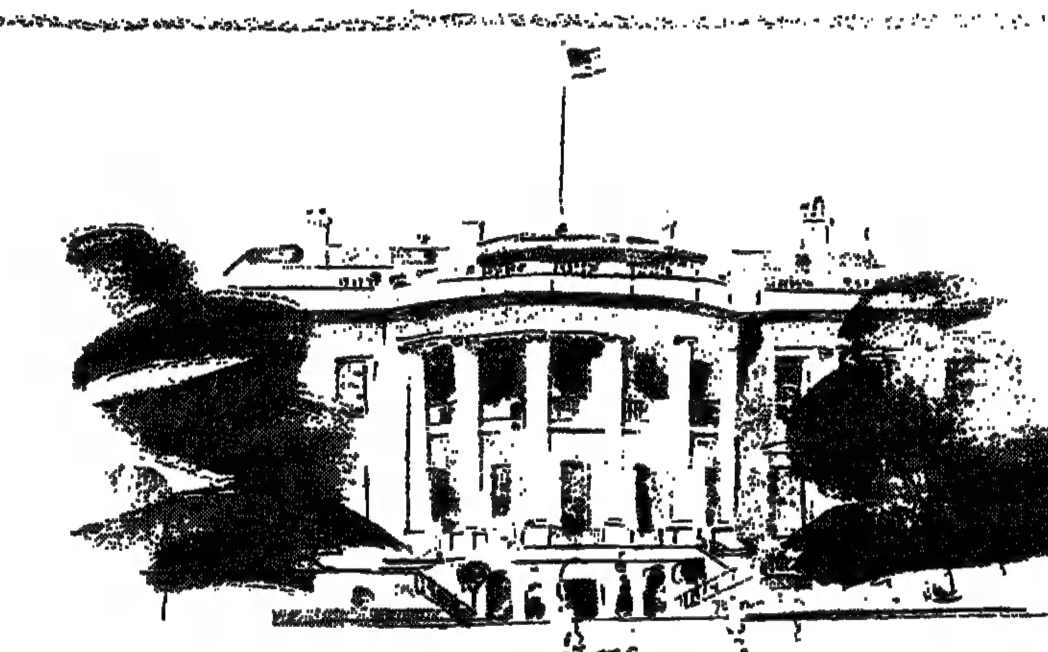
Krupp-Hoesch Stahl, Germany's second largest steelmaker, yesterday announced an additional 1,100 redundancies by the end of the year, bringing to 2,800 the number of steel workers due to lose their jobs in 1994, Ariane Genillard reports from Bonn.

The company said it would no longer be able ease the pain of the new lay-offs with previously used social schemes such as early retirement and retraining programmes.

Italy balance of payments surplus

Italy registered a balance of payments surplus of L2,114bn (£830m) last year, a substantial turnround from the L32,548bn deficit in 1992, David Lane reports from Milan.

Figures from the Ufficio Italiano Cambi foreign exchange *authority show there were* large improvements both on current account and in capital movements. The current account deficit last year was L25,801bn, against L46,238bn in 1992, while the surplus on capital movements more than doubled from L13,690bn to L27,915bn.



● NEWS IN BRIEF

Guangdong economy continues sharp rise for 1993

Guangdong's gross domestic product in 1993 was Yn314.7bn ($36.2bn), an increase of 21 per cent over 1992, Reuter reports from Beijing.

The Xinhua news agency said the Chinese province's GDP has risen by an annual average of nearly 14 per cent over the past 15 years. The agency said Guangdong's 1993 exports were $26.3bn, 43 per cent higher than 1992 and the highest of any province in China for the eighth successive year, and imports were $19.1bn. It gave no comparison.

Contracted foreign investment was $34.9bn, 76 per cent up on 1992, and GDP and export growth in 1994 are both expected to be 15 per cent, it said.

Lesotho cabinet crisis meeting

Lesotho's cabinet held a crisis session yesterday during a lull in fighting between rival army factions, Reuter reports from Maseru.

The capital remained tense but shops and businesses opened. Prime Minister Ntsu Mokhehle appeared to have shifted ground over a request for South African military intervention. South Africa said Lesotho had requested such help, but Mr Mokhehle said this was only one option and nothing had been decided. Five soldiers have died since fighting began 10 days ago.

Pakistan angry over Kashmir

Pakistan yesterday said it would seek a human rights resolution, condemning India's actions in Kashmir, during next month's UN commission on human rights in Geneva, writes Farhan Bokhari in Islamabad.

The move immediately raised speculation over whether Islamabad was backing away from its bilateral dialogue with New Delhi.

"In the new world, India cannot raise a new iron curtain to hide its shortcomings," said Ms Benazir Bhutto, the prime minister, on television. She said she would address the commission on February 1.

Algeria frees fundamentalists

Algeria released 60 Moslem fundamentalists from its desert prison camp of Ain M'Guel yesterday, Reuter reports from Algiers. The official news agency APS said the men had been put on an aircraft to be flown to their homes and other prisoners would be released in coming days.

Jakarta rights criticised

The US human rights group Asia Watch, catalyst for Washington's assault on Indonesia's labour record, yesterday said Jakarta fell far short in its treatment of workers, despite recent reforms, Reuter reports from Jakarta.

"Increased industrial unrest, activism and international pressure have resulted in some useful but inadequate measures by the Indonesian government to address violations of internationally-recognised worker rights," it said.

Mideast border accord raises hopes for peace

By Julian Ozanne in Jerusalem

Israel and the Palestine Liberation Organisation appear to have struck a compromise on security at border crossings, paving the way for the long-delayed implementation of Palestinian self-rule in the Gaza Strip and West Bank area of Jericho.

Egyptian, Israeli and PLO officials yesterday said there had been a breakthrough after two months of bitter dispute about who should control the Gaza-Egypt and Jericho-Jordan borders. A final agreement could be possible this weekend when Mr Shimon Peres, Israeli foreign minister, meets Mr Yassir Arafat, PLO chairman, in Switzerland.

Mr Amr Moussa, the Egyptian foreign minister, who visited Israel yesterday to help consolidate the progress made between the two sides, said: "All of us know that a lot of progress has already been made... so the remaining points are indeed few."

Mr Peres said after meeting Mr Moussa: "We've created the basis for an agreement with the PLO... We don't have an agreement yet but we have the basis of such an agreement."

Officials stressed that further work was needed on two other issues: the size of the Jericho area and the size of an Israeli military security zone around Jewish settlements which will remain in Gaza. But they said resolution of the border issue made agreement on these much easier.

Israeli and Palestinian negotiators meeting at the Egyptian Red Sea resort of Taba briefly discussed less sensitive matters such as telecommunications, including radio, television and telephones for the Palestinian self-governed area, then decided to suspend talks until after the Arafat-Peres meeting.

Officials said the turning point in the stalled talks had come after Israel agreed to accede to a PLO demand that Israeli security checks of Palestinians at the border would be conducted by "invisible" electronic technology rather than by physical contact. The PLO, in return, had agreed to withdraw a demand for a Palestinian police presence on the crossings. Israel had also offered free passage of Palestinians from the Jordan border into Jericho after the PLO gave up its demand for control of roads leading to the border.

Mr Yoel Singer, legal adviser to Israel's Foreign Ministry, and Mr Ahmed Qurie (Abu Ala'a) of the PLO are expected to meet in Paris tomorrow to draft an agreement before Sunday's Peres-Arafat meeting in Davos, Switzerland.

Mr Yitzhak Rabin, the Israeli prime minister, signalled that he had agreed to the compromise and said there had been "improvement" in the talks, but warned that not all the obstacles had yet been overcome.

The apparent Israeli-Palestinian breakthrough came as Israeli delegations prepared to meet separately and in secret with Syria, Jordan, Lebanon and Palestinians in Washington to resume the search for a comprehensive Middle East peace.

Arafat meets King Fahd in search for cash backing

Mr Yassir Arafat, Palestine Liberation Organisation leader, yesterday met King Fahd of Saudi Arabia for the first time since 1990, to try to regain political and financial aid severed when the PLO backed Iraq in the Gulf crisis, Reuter reports from Dubai.

"The important thing is for reconciliation to start," a PLO official said.

Mr Arafat flew to Riyadh after performing a minor pilgrimage to holy sites in Mecca. The official Saudi Press Agency reported the pilgrimage, but not the visit to Riyadh for talks with the king. Palestinian officials hoped the talks would boost Mr Arafat when he is under pressure for failing to deliver a speedy Israeli withdrawal from some occupied lands.

"The PLO will never forget Saudi Arabia's long years of support," the official said, referring to Riyadh's monthly grant of $6m which King Fahd ordered in 1989 after completing a 10-year pledge of $550m. Resumption of aid could help the PLO win supporters in the Gaza Strip, where the rival Islamist Hamas group has strong backing.

After the September peace deal with Israel, Riyadh pledged $100m to a fund to help towards setting up Palestinian self-government in Jericho and Gaza once an accord on an Israeli withdrawal is reached.

Japanese vehicle production trailing US

By William Dawkins in Tokyo

Japanese vehicle production recorded its sharpest fall for 19 years, underlining the depressed state of the economy, according to a report on the car industry published yesterday.

The Japan Automobile Manufacturers' Association said vehicle output fell by 10.2 per cent last year to 11.2m units and projected that it would fall below 11m this year.

As a result, Japan is expected to lose its status as the world's largest car producer, relinquishing its position to the US for the first time since 1979, according to the organisation.

Car output fell by 9.4 per cent in 1993 to 8.5m units, the third consecutive year of decline. Exports of all vehicles fell by an estimated 11 per cent to 5m units, reflecting the impact of the strong yen, while domestic sales were down by just over 7 per cent.

Among the leading carmakers, Mazda was the worst performer, with a 19.7 per cent fall in output, followed by Nissan, with a 14.5 per cent decline.

Further evidence that the end-of-year gift-buying season failed to encourage Japanese consumer demand came with the publication of figures showing a 1.8 per cent drop in December sales from the Japan Chain Stores Association.

That brings to 2.4 per cent the decline in chain store sales for the whole of 1993.

The Bank of Japan yesterday contradicted recent market speculation that it might try to stimulate demand by cutting its official discount rate, which has stood at a record low of 1.75 per cent since last September.

Mr Yasushi Mieno, the central bank governor, said the easing in credit over the past few months was creating the conditions for a recovery.

Companies had made progress in reducing excess stocks, but personal consumption and industrial investment remained "lacklustre", said Mr Mieno.

He was addressing the start of a two-day meeting of branch managers, whose reports on regional economic conditions will be an influence on the bank's monetary stance.

A Tokyo stock exchange dealer makes signals during trading yesterday. The Nikkei index lost 4.9 per cent, the biggest one-day fall since August 1991, following the defeat of a political reform bill in parliament last week. Reuter

Mozambique's fragile peace process risks too-easy derailment

Against the odds, the peace accord which ended Mozambique's 17-year civil war has held for over a year. Like everything else in this exhausted country, the peace agreement has been designed, financed and implemented by western donors, in one of the most radical experiments in foreign intervention of Africa's post-colonial history.

The United Nations is spending $600,000 a day on its peacekeeping operation in Mozambique. The World Bank and the donor community are pumping $1bn into the economy this year, an amount equal to the country's entire gross domestic product.

Foreign advisers provide Mozambique with a semblance of government. Donors will also be paying for the country's first multi-party elections scheduled for October, the demobilisation of two rival armies, and the repatriation of 1.5m refugees.

Some donors are even willing to finance the transformation of the Mozambique National Resistance (Renamo) rebel movement into a political party. Renamo atrocities are hardly ever mentioned in Mozambique today. Despite this huge and concerted international effort, there is much that could derail Mozambique's fragile peace process.

The demobilisation of government and Renamo soldiers is behind schedule, which in turn has delayed formation of a new, integrated army. Both the government and Renamo agree elections cannot take place until the old armies have disbanded.

To date only 13,000 troops (less than a fifth of the estimated total) have shown up at the assembly areas set up by the UN late last year.

Few weapons are being handed over to the UN military observers. Instead, a brisk cross-border arms trade goes on, with many of the weapons originally supplied by Pretoria to destabilise Mozambique's Marxist government finding their way back to their country of origin. Mr Aldo Ajello, an Italian diplomat in charge of the UN Mozambique operation, says the peace process is being delayed because of indiscipline in government ranks.

For many officers, the end of the war spells an end to lucrative side-businesses such as smuggling. Others fear there will be no place for them in the new 30,000-strong army, and do not believe government promises of six months' wages to help them start civilian lives.

Most of them are owed back pay, and there have been riots.

"The greatest threat to the peace process is the 20,000 officers and non-commissioned officers who will be jobless after the October elections," says an ambassador in Maputo. "The economy is too weak to employ them." "My nightmare scenario", says another diplomat, "is disgruntled former soldiers terrorising the countryside as armed bandits."

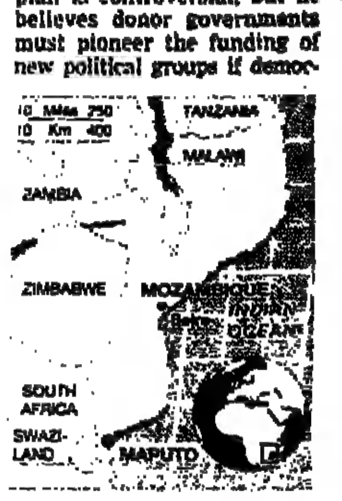
A nightmare scenario is of ex-soldiers turning into armed bandits. Leslie Crawford reports from Maputo

Donor governments are now discussing a special aid package to pay the salaries of some 55,000 demobilised soldiers for up to two years. The World Bank estimates it would cost $20m.

A more immediate financial concern is to set up Renamo's leader, Mr Afonso Dhlakama, in business. Mr Ajello persuaded the UN to establish a $7.5m trust fund to help budding political parties in the former one-party state.

But the trust fund has proved to be too paltry and too restrictive for Mr Dhlakama's needs. "Dhlakama is regarded as an African chief," explains Mr Ajello, "and he needs to be able to act like one. He needs money to pension off his generals, to distribute largesse."

Again, donors are trying to come up with a political war-chest of $4m to help Mr Dhlakama fight the forthcoming elections. Mr Ajello admits the plan is controversial, but he believes donor governments must pioneer the funding of new political groups if democracy in Africa is to have a chance. "When we have a peace-keeping operation that costs $600,000 a day, $4m is a small premium to ensure the future stability of Mozambique," Mr Ajello says.



Mr Dhlakama, for his part, says he will not contest the elections unless the donors come up with the goods. "We signed the peace accord because the international community promised us money," he says. "We need offices, vehicles, accommodation for my men who are coming out of the bush. If we don't get the money, we won't go back to war. But we won't fight an election on unequal terms."

Above all, Mr Dhlakama needs money to be able to employ advisers capable of devising a political programme for Renamo, a movement with no coherent ideology, no nationwide organisation and no governing skills.

If elections were held tomorrow, many believe Renamo would win. The Mozambique Liberation Front (Frelimo), in power since independence in 1975, has almost exhausted its credibility with the country's long-suffering inhabitants.

Frelimo lost its political direction when it abandoned Marxism in favour of World Bank funding in the mid-1980s. Government has become paralysed by Frelimo's internal power struggles, with Marxists fighting the new technocrats and black supremacists seeking to squeeze out the few whites who continue to hold public office. President Joaquim Chissano seems incapable of dealing with the rival factions.

Even if the demobilisation exercise is completed in May, logistical difficulties remain in the organisation of national elections in a country which has never voted, where the vast majority of the 16m people are illiterate and one-quarter of the population is still displaced by the war.

While some foreign observers fear donors may be forcing the pace of Mozambique's transition to democracy, others argue that elections are desperately needed to invest the new government with the legitimacy that both Frelimo and Renamo lack.

Mr Ajello, while promising to complete the UN's mission by the October deadline, sounds a note of caution: "Whoever loses the election will feel that he has also lost the war. That is why the opposition must be given a political and economic stake in the future of this country."

London cabinet backs Patten over Hong Kong reforms

By Alexander Nicoll, Asia Editor

The Hong Kong government will not proceed to the second stage of its electoral reform plans until the fate of a first bill, now before the Legislative Council, is clear, Mr Chris Patten, the governor, said yesterday.

Mr Patten held consultations in London with a cabinet sub-committee including Mr John Major, the UK prime minister, and Mr Douglas Hurd, the foreign secretary, on the future course of the governor's proposals to broaden the democratic franchise in the crown colony.

The cabinet proffered strong support to Mr Patten, giving him discretion to decide, in consultation with Mr Hurd, on the content and timing of the second stage of the the reforms.

Speaking after the meeting at Downing Street, Mr Hurd said that no decisions had been taken about the second bill, but that legislation had to be in place by July for elections in 1994 and 1995 to be held in an orderly way.

Mr Patten said: "We will obviously be deciding on which is the best way forward in the light of our success in getting the first bill through and other factors at the time."

The first bill covers issues said by Britain to be non-controversial. The proposals to which China most objects have been left for possible inclusion in the second.

Mr Hurd and Mr Patten repeated a call for Beijing to resume negotiations which broke down in November after 17 fruitless rounds. China, which assumes sovereignty in 1997, says it will overturn reforms introduced without its agreement.

Vietnam's communists fear their success

Cadres meet to review the market reforms that have alienated many, writes Iain Simpson

Vietnam government officials and Communist party cadres are gathered in Hanoi to assess the progress of their market reforms, which are rapidly transforming the economy.

Since they were first hesitatingly introduced in 1986, the reforms have made remarkable progress – perhaps too much, in the eyes of party leaders who are worried that they are losing control of the economy and losing touch with the population.

There is no suggestion that Vietnam's economic transformation will be halted but senior party officials are worried about the social consequences of the reforms they have introduced.

Rising unemployment and a widening gap between the mostly urban rich and the rural poor are causing social tensions which some party cadres fear could surface in an imitation of recent peasant unrest in China.

Vietnam is now one of only five countries ruled by a Communist party and party leaders are acutely conscious of the fate of their former allies in eastern Europe and the ex-Soviet Union, much of which they blame on the reforms introduced by President Mikhail Gorbachev and his supporters.

This is the first time the Communist Party of Vietnam (CPV) has held a national conference mid-way through the five-year cycle between congresses.

In Vietnam, as in the country's huge northern neighbour, China, the party is trying to reform the economy while resisting calls for any change to the political structure. The party is still the only legal one in Vietnam and its leaders have no plans to relinquish its power.

Now they are increasingly worried that they are losing touch with ordinary people in the country, especially with young people who have diminishing loyalty to the ageing revolutionaries who still run the country.

"We should carry out properly the task of broadening the party's membership, especially among the youth and women," general secretary Do Muoi told the conference. "We should rejuvenate the party ranks."

Mr Do Muoi and his colleagues have reason to worry. Young people in Hanoi are becoming increasingly rebellious and appear to be more interested in western music and culture, than party politics.

Last year, some 50,000 people joined the party, which now has a membership of almost 3m out of a population of 71m. However, many people say they joined the party because they had to or simply to boost their job prospects, rather than for any deep ideological commitment.

Party leaders, many of whom are in their sixties or seventies, are widely seen as out of touch with ordinary people who have to adapt rapidly to their changing lives.

On the streets of the capital, few people are even aware that the national conference is taking place and even those who do know show little interest.

To mark the occasion, Party buildings and main roads through the Vietnamese capital are festooned with red and gold banners proclaiming "Long Live the Glorious Communist Party of Vietnam!" and "Our President Ho Chi Minh Lives With Us Forever!"

One woman selling piles of oranges and apples by the roadside commented: "Oh yes, they always have banners for something. I don't know what these are for, though." She and the other traders nearby, several of whom had recently lost their jobs at state-run factories, said they had more pressing concerns such as making enough money to feed their families.

Elsewhere, a young woman was sitting in front of a newly bought TV, apparently not paying much attention to a report on the evening news about the conference. "They just talk and talk and talk," she said, "but they don't do anything."

This may sound just like the routine grumblings of people in many countries about their politicians. What makes these comments so remarkable in Vietnam is that just two or three years ago almost nobody would have dared to say these things, certainly not to a passing foreigner.

The report to the national conference by the party central committee makes repeated calls for political stability and stresses the need for vigilance against "all plots and acts of the enemy", "the scheme and acts of 'peaceful evolution' by hostile forces" and "the way of life consisting in running after money".

However, outside the party's inner halls, people from all levels of society want to run after money; they are being encouraged by the government to start small businesses and to make profits. Throughout Hanoi, and across Vietnam, people are heeding this call. Tens of thousands of cafes, shops and other small enterprises have opened in the past few years.

In other ways, many young people have also become alienated from the party. They gather in cafes to listen to western rock music and race their motorcycles around the streets of the capital late at night.

To these people, who are searching for new influences and ways to escape the controls of the party, Mr Do Muoi's warning against "the tendency towards 'commercialisation', propagation of heterogeneous cultures and depraved way of life" is faintly ludicrous.

China softens stance on human rights after visit by Christopher

By David Buchan in Paris

China yesterday gave a further indication of its readiness to discuss human rights with the west by agreeing to receive a senior US government specialist on the issue in Beijing next month.

Following a meeting between Mr Warren Christopher, the US secretary of state, and Mr Qian Qichen, China's foreign minister, in Paris yesterday, it was agreed that Mr John Shattuck, the US assistant secretary for human rights, would visit the Chinese capital to help Washington determine whether to renew most favoured nation trade treatment for China's exports.

Mr Qichen said he did not believe the question of trade should be linked to that of human rights – as they are in US legislation – "but we are ready to discuss all these issues". US officials described yesterday's meeting, which also touched on the problem of North Korea's possible nuclear weapon ambitions, as constituting another step in the gradual improvement of Sino-American relations.

More obliquely, Mr Edouard Balladur, France's prime minister, used a separate meeting yesterday with Mr Qichen to underline to the Chinese minister "the need, in an increasingly unified world, for a certain relationship between general conceptions of human rights".

But, in its eagerness to make up for its recent exclusion from the Chinese market, France is far from making Beijing's human rights record a pre-condition for a better commercial relationship. Indeed, Mr Balladur who is to visit China in March, has agreed to Beijing's condition that France will sell no more offensive weapons to Taiwan, beyond its recent sales of Mirage jets and navy frigates.

Chile set to change capital market rules

By David Pilling in Santiago

Long-awaited reforms to Chile's capital markets, due to be discussed by the house of deputies today, are expected to become law by the end of the month.

The reforms, championed by Mr Alejandro Foxley, the outgoing finance minister, seek to broaden options available to Chile's powerful investment institutions and to regulate the stock market more effectively.

Deputies will vote on amendments to the bill introduced last week in the Senate intended to expand investment possibilities and to soften some of the bill's regulatory clauses. This is the final stage of a year-long legislative process which has been hostage to party bickering and relentless lobbying of congressmen.

New legislation will allow privatised pension funds (AFPs), which have amassed savings of $15bn since 1981, to increase their foreign investments and to expand options at home.

The amount AFPs can invest abroad will be raised over four years from the present ceiling of 3 per cent of funds to 12 per cent. The original bill, before senate amendments, envisaged a 10 per cent maximum.

There will also be a 6 per cent floor in an effort to force pension funds to spread their risk. Chileans are obliged by law to invest 10 per cent of their earnings in an AFP.

At home, pension funds will be allowed to buy stock in a broader range of companies and to provide project funding and venture capital. They will also be able to trade in futures and options for hedging purposes.

Mr Alejandro Foxley: championed the reforms Terry Kirk

The number of companies available for AFP investment will be raised from the current 40 or so blue chips to more than 200.

The bill also includes a stiffer regulatory framework to ensure new freedoms are not abused. New rules will be introduced on corporate governance, privileged information, and the independence of AFP directors – though some of these elements were weakened at the senate stage.

Nevertheless, prison sentences are to be introduced for cases relating to the abuse of confidential information. Also, brokerage houses with members represented on the board of a company will be prohibited from dealing in stock of that company.

Together with reforms of the banking sector, also close to becoming law, Mr Foxley said the new law would "permit an enormous impulse towards the modernisation of Chile's financial sector".

Perry may become defence secretary

By George Graham in Washington

President Bill Clinton was expected to nominate deputy US defence secretary Mr William Perry yesterday to take over the top Pentagon post from Mr Les Aspin, taking on a job that Mr Clinton has found difficulty filling to his satisfaction.

After asking Mr Aspin to resign, Mr Clinton had named retired Admiral Bobby Ray Inman as his successor. Before beginning Senate confirmation hearings, Mr Inman last week withdrew his name, claiming a conspiracy of newspaper columnists had driven him out.

Efforts to interest Senator Sam Nunn, chairman of the Senate armed services committee, or former Senator Warren Rudman, a respected Republican expert on defence and budgetary issues, failed.

Mr Perry, a 66-year-old mathematician, whose role as number two at the Pentagon has centred on management and acquisition issues, had expressed some initial reluctance but apparently agreed yesterday to take the job.

As undersecretary of defence for research and engineering in the Carter administration, he was credited as the chief promoter of Stealth technology. Before returning to the Pentagon last year he was managing director of Hambrecht & Quist, a San Francisco investment banking company, and headed a Silicon Valley consulting firm.

Mr Perry's limited political and foreign policy experience mean he is unlikely to be the answer Mr Clinton has been looking for to tackle the shortcomings in his national security decision-making structures.

Stuck in a nightmare of debt

Pressure is growing on Trinidad and Tobago, writes Canute James

In a clear attempt to prepare for increasing stringency, Trinidad and Tobago's political leaders are being colourfully blunt about the problems of the once-buoyant economy which is facing continued uncertainty, due mainly to the state of the oil market.

"In the same way that to make a cake you have to break an egg, as we move to economic prosperity there is necessarily a period of difficulty," said Mr Patrick Manning, the prime minister.

Mr Wendell Mottley, the finance minister, has confessed to a "major nightmare" with the country's finances, and has asked his countrymen for "patience and sacrifice" while the government tries to massage the stagnant economy.

These are trying times for the lop-sided, oil dependent economy, once as healthy as any in the Caribbean basin, but now suffering from the prolonged lassitude of the international oil market. The government is being forced increasingly towards austerity and fiscal prudence as organised labour, always truculent, is becoming increasingly annoyed.

The cause of Mr Mottley's nightmare is the demand of servicing the country's foreign debt with reduced income from oil. Trinidad and Tobago's per capita foreign debt, at $2,416, is higher than most of the more well-known debtor countries.

The English-speaking republic of 1.2m people is a small oil producer, with output averaging 150,000 barrels per day in better times. Each time the oil price falls the economy is further pressurised to meet debt servicing costs – $608m this year, almost one third of export receipts.

"The implications of the high debt service for economic growth are significant," said Mr Mottley. "In order to free the resources to meet the debt service in this period, this country must cut back on its overall expenditure, both consumption and investment expenditures."

For the 1994 budget, Mr Mottley announced new taxes on petrol, financial services, vehicle transfers and cigarettes, and the extension of a business levy to cover the self-employed. The money is needed to finance expenditure of TT$7.7bn ($1.4bn).

The government's handling of the economy and its proposals to create stability have been attacked by its critics. "I don't see that the budget is going to make a difference," said Mr Basdeo Panday, leader of the main opposition party.

"It seems to be a continuation of last year. Although the minister mentions that he is aware of what the problems are in the society, he has really not said anything about tackling them in a serious way."

The government, however, is getting support from the business community. The Employers Consultative Council said the government was "courageous" in building on earlier efforts at economic reform, and had presented "a budget of new enlightenment and rededication of purpose, not a pause for refreshment".

The earlier reforms implemented by Mr Manning's administration included the deregulation of the foreign exchange market in May, when the currency was floated and controls lifted on currency movements.

The government has also been divesting state-owned economic enterprises. It has sold its wholly-owned urea plant and its 51 per cent stake in an ammonia plant to raise money to help service its foreign debt.

Its plan to sack thousands of workers from three state-owned utility companies has raised the hackles of organised labour, which is also opposed to the divestment of state enterprises. The government claims that the port authority and the public transport and water companies recorded a cumulative loss of TT$342m in 1992. The state owes public servants about TT$3bn, which the government says it cannot pay.

The government faces some difficulty in stimulating the economy. Continuing contraction in the petroleum and manufacturing sectors has led the government to a preliminary assessment of economic growth of 1 per cent last year, and a forecast of about the same for this year, following a decline of 1.6 per cent in 1992.

Mr Mottley recently visited financial capitals testing the market for a $100m Eurobond issue to help meet debt payments, after the success of a similar issue last year.

There are now darker clouds on the horizon. Last month's budget, and the government's economic plans, were predicated on oil prices at $19 per barrel. The slump in prices since will force the government into more unpopular stringency which is unlikely to end Mr Mottley's nightmare.

US court blow for abortion opposition

The United States Supreme Court ruled yesterday that anti-abortion protesters who block clinics can be sued under the tough US racketeering law, Reuter reports from Washington.

The decision by Chief Justice William Rehnquist overturned a lower court ruling that anti-abortion protesters were not covered by the federal racketeering law.

Judge Rehnquist ruled that the racketeering law does not require proof that the protesters' actions are motivated by an economic purpose.

Anti-abortion groups argued that they were motivated by moral and political reasons and thus were not covered by the law.

The ruling was an important victory for the Clinton administration and also for abortion rights activists, who have long been seeking to use the racketeering law in order to deter the blocking of entrances to clinics and the harassment of employees and women seeking abortions.

Venezuelan banks suffer from large withdrawals

By Joseph Mann in Caracas

Venezuela's banking system, shaken by the failure of Banco Latino this month, is now facing a wave of heavy withdrawals by important clients, bankers said yesterday.

At the end of last week, corporations and wealthy individuals began to make large withdrawals from several commercial banks, and demand for US dollars spiralled to an estimated $350m-$500m last Friday, according to some estimates. These figures represent several times the usual daily volumes of dollar sales.

The closing of Latino, the country's second-largest bank, on January 14 had been followed by several days of relative calm in the Venezuelan financial system.

Heavy withdrawals continued yesterday, bankers said, and demand for dollars remained strong. About 11 of the more than 40 commercial banks are reported on the central bank's "watch list" and have had liquidity problems in recent days.

Most holders of small accounts appear not to have been panicked by the crisis.

The government yesterday began to provide banks suffering from "temporary liquidity problems" with liberal financing under an emergency assistance plan announced last week.

At the same time, officials and representatives of the banking community told the public to ignore rumours and trust the banking system.

Hundreds of account holders at Banco Latino blocked traffic in central Caracas yesterday, demanding immediate payment of their deposits.

The government, which took over Latino on January 16, has issued confusing information on when the bank will reopen and how much depositors will receive initially.

Currently, the plan is to reopen the failed bank today or tomorrow and reimburse clients with deposits of up to $925.

Many of those protesting were people over 60 years of age, who received a 3 per cent premium on the standard interest rates for their deposits.

NEWS: WORLD TRADE

German chemicals giants target China

By Christopher Parkes in Frankfurt

More than five years after Chinese politicians first talked seriously about opening up their economy. German chemicals companies are at last starting to invest serious money in the People's Republic.

Late last year, for example, Bayer signed an umbrella deal, committing a preliminary $200m (£135.1m) to half a dozen joint manufacturing ventures and licensing deals to make products ranging from fly sprays and Agfa film to engineering plastics.

It capped the agreement with the establishment of a holding company in Beijing to take care of central administration and steer negotiations with future joint venture partners.

BASF, making a similar push, is pressing on with further investments in dyestuffs to feed the booming Chinese textiles industry.

A joint venture deal with its 49 per cent partner, Shanghai Dyestuffs, will start production next year. The company is also ready to invest in new capacity to produce monostyrene and polystyrene, suitable for numerous applications in consumer and industrial markets.

The company will sign the joint venture contract early in February.

Mr Jürgen Strube, BASF chairman, is reluctant to discuss the scale of his spending plans, divulging only that the investment would be more than DM100m (£39m).

However, he made the tendency plain late last year when he said that his new medium-term investment programme for the company's chemicals business (excluding gas) allocated 35 per cent of the total to German operations, compared with 45 per cent in the five years to the end of 1993.

Both Bayer and BASF, which already have annual sales of around DM500m each in China, have concluded that political and business conditions make early investment essential. "Exports from Europe are not economic if you consider them on a full-cost basis," says Mr Strube.

Far Eastern chemicals suppliers, such as those in Hong Kong and Singapore, which increased their annual exports into world markets by an average 22 per cent and 17 per cent respectively during the 1980s, are far more conveniently placed.

But China also wants inward investment both to supply its home market and earn foreign exchange. With the likes of Du Pont and Shell busily examining prospective joint-venture partners, the Germans cannot afford to be left behind.

Political uncertainty remains a concern, and continued economic growth at recent rates cannot be assured. But on the basis of market considerations, the time is right to move, says Mr Strube.

"China has the capacity to absorb a huge amount of chemicals. Plant for many of our products requires minimum capacities to be competitive, and it is only in the past two years that demand has reached a scale which makes investment economic," he adds.

Although he refuses to discuss planned polystyrene capacity, he notes that China's current requirements are mostly imported and that there are almost limitless possibilities for applications in packaging and industrial and consumer products in a developing industrial nation.

However, Mr Strube acknowledges that there are still hurdles to be overcome, including some set up by western industry in the past. "China in the past was always a market where people exported their excess capacity. The competition was very stiff and the Chinese have always been very good entrepreneurs," he says.

"The trouble is they are used to buying chemicals at low prices and they find it very hard to give that up."

BNP takes lead in Hungarian road financing

By Nicholas Denton in Budapest

Banque Nationale de Paris has syndicated finance for eastern Europe's first concession motorway, designed to connect Hungary to the west European network. Construction began in December on the Ecu 329m (£245m) project.

A consortium led by Transroute International, a subsidiary of the French highway operator, is building 42km of dual carriageway to complete Hungary's M1 motorway between Budapest and the Austrian frontier. There it will link up with Austria's A4 motorway to Vienna.

Completion is scheduled for the end of 1995, in time for the Budapest Expo in 1996. Later a 15km spur will extend from the main route to the Slovakian border to join up with the highway to Prague in the Czech Republic.

The motorway sections begun yesterday are missing links in the Trans-European Motorway system (TEM) and between the two halves of Europe.

Eastern Europe's former communist regimes neglected highway development and most countries' motorways do not extend far beyond their capital cities.

The M1 concession is also a test case for build-operate-transfer (BOT) projects both in Hungary and in eastern Europe.

The private sector will finance total project costs, including capitalised interest, of Ft32.5bn (£214m).

Members of the Elso Magyar Koncesszios Autopalya consortium will meet roughly a fifth of the cost through equity. The London-based European Bank for Reconstruction and Development is taking a 10 per cent stake and France's Caisse des Dépôts et Consignations will hold 13.9 per cent. Transroute International, the operator, will control only 4.2 per cent; and Strabag, the Austrian building contractor, is the largest shareholder with 21 per cent.

The remainder of the financing will be evenly divided between forint-denominated and international borrowing. The consortium plans to issue forint bonds, stimulating Budapest's capital markets. The EBRD has committed Ecu129m in equity and loan financing.

Completion is scheduled for the end of 1995, in time for the Budapest Expo

The Hungarian authorities hope that the progress of the M1 concession will speed up similar tenders for three other motorways to link Budapest with neighbouring countries. Completion of the motorway projects and two toll bridges are expected to involve about $3bn (£2bn) in investment.

The Transport Ministry's motorway directorate intends next month to name a preferred bidder for construction of 130km of highway to take the M5 motorway south-east of Budapest towards the Serbian and Romanian borders.

In contention are a partnership of Grands Travaux de Marseilles and Transroute, and another French consortium led by Bouygues, the building contractor.

East European countries are faced with budgetary stringency and a pressing need for infrastructural development to stimulate the economy and provide a foundation for new investment.

Recycling has neighbours crying foul

Ariane Genillard on complaints of cheap waste exports to European countries

When Germans dutifully put their waste paper into the blue bins on their doorsteps, few could imagine that such environmental-mindedness has resulted in a bitter battle of words with their European neighbours.

In 1993, Duales System Deutschland (DSD), the national waste management scheme, collected 4.4m tonnes of used household packaging. Launched in mid-1990, the organisation was set up after parliament adopted a ground-breaking law which imposed collecting and recycling quotas on packaging waste. Within two years DSD had extended its activities to nearly all German households.

"Germans are the master collectors of the world," Mr Klaus Töpfer, federal environment minister and architect of Germany's greenest laws, recently boasted.

But the implementation of the ambitious recycling law has raised hackles in Germany and in the European Union. The problem is that DSD has collected more packaging waste than it can recycle in the country. So Germany has had to export large quantities of waste.

In 1993 about a third of the 350,000 tonnes of plastic packaging waste collected by DSD was exported to foreign countries. Similar numbers apply to paper and other packaging materials, with the bulk of the exports ending up in France and Britain.

Both these countries, in a colourful adaptation of the terminology of international trade conflict, have indignantly accused Germany of dumping subsidised waste materials in their countries, undermining their recycling arrangements. With too much packaging waste in their hands, German recyclers (which are paid by DSD to recycle the collected waste) have in turn offered foreign companies a high price for taking German waste.

For example, German recyclers are believed to have paid up to DM600 (£235) a tonne to a foreign counterpart to get rid of plastic waste.

The practice has led to decreasing prices for some packaging waste, especially paper, in other European countries and is hampering the growth of their waste industries.

Britain and France, under pressure from their recycling companies, especially those that do not have contracts with German partners, have argued that Germany's ambitious recycling scheme leads to unfair trade practices because it indirectly subsidises waste exports at the expense of private recyclers abroad.

"Germany's waste policies are effectively killing other European recycling schemes which assume that there is a positive price for used packaging," says Mr Thomas Carter, first secretary for the environment in the British embassy in Bonn.

After 18 months of wrangling between members countries and lobbying by the packaging industry, the other European environment ministers outvoted Germany, the Netherlands and Denmark last December on an EU directive on packaging waste.

The directive requires that, within five years, a minimum of 25 per cent of packaging waste, and a maximum of 40 per cent, should be recycled. Within 10 years environment ministers would have to agree to "substantial increases" in these percentages.

The directive amounts to a slap in the face for Germany, whose own recycling quotas are higher than those it lays down. Germany already recycles 66 per cent of its used paper, 55 per cent of glass containers, and 48 per cent of tin cans. Moreover, Germany's recycling law will increase these targets to 70 per cent for these three types of packagings from January 1 1996.

However, according to the directive, Germany, the Netherlands and Denmark, which also have ambitious recycling targets, will be able to continue meeting their high quotas. But they will have to prove that they have domestic recycling capacity for any amount collected above the EU limits.

Mr Töpfer says he will fight to amend the directive when it goes before the European Parliament. The German Environment Ministry argues that the EU directive on packaging waste violates the free trade spirit of the EU. It adds that, if the directive was adopted, Germany would bring the matter to court, arguing that the EU treaty allows exceptions for member states in matters relating to the environment.

"Our legal experts are studying the issue right now. Secondary raw material should be traded freely in the European Union and no limits can legally be imposed on such trade," explains Mr Thomas Rummler, adviser at the Bonn Environment Ministry.

Bonn says the issue has been exploited by French and British waste management companies that do not have contracts with DSD and therefore have not received money to take German waste. The ministry says British companies exported 68,673 tonnes of used paper to Germany in 1992 – nearly three times more than German companies exported to Britain.

According to officials at the French embassy, the directive has sparked protests from waste management companies that would lose their contracts with DSD. "Those who were winning before are now crying out," says an official.

But the directive should allow for a harmonisation of waste recycling schemes in other European countries so that distortions can be ironed out. Most other European countries have adopted recycling schemes similar to Germany's (such as the *eco-emballage* system in France) but which are effective on much smaller scales.

In the long term, however, expanding recycling schemes will have to confront the problem of falling prices for waste packaging and falling profits for recyclers.

India choses operators for radio paging service

By Shiraz Sidhva in New Delhi

India's telecommunications department has chosen 15 companies to operate radio paging services in 27 cities, nearly a year after more than 80 companies bid for licences.

The government's letters of intent to the companies, all joint ventures with foreign partners, mark another step in India's attempts to part-privatise the telecommunications sector.

Formal licences will be issued once the companies accept the terms and pay licence fees and other charges.

The delay in announcing the contracts has been attributed partly to a court action by unsuccessful bidders in last year's award of contracts for cellular networks in Delhi, Bombay, Calcutta and Madras, and partly to the fact that India's telecommunications policy is still under review.

The government has given some companies as many as 10 licences to operate competing services in big cities. Steamers Telecom and its Indian partner, India Telecomp, owned by the Delhi-based Sanjay Dalmia group, has licences for 10 cities, including Bombay, Delhi, Calcutta, Madras and Bangalore.

Hong Kong's Hutchison Max has licences for seven cities, while Arya Communications, associated with Motorola of the US, has two, for Bombay and Bangalore.

Other companies involved in the joint ventures include Fones West of the US, Telecom International of New Zealand, Champion Technology of Hong Kong, Singapore Telecom International, France Telecom Mobiles, and Easycall Communications of the Philippines.

As many as three operators, constrained by a stipulation that applicants have a foreign partner which could hold up to 51 per cent of the venture, will compete in 15 cities, including the four largest – Delhi, Bombay, Calcutta and Madras. Customers can be charged no more than Rs150 (£3.19) a month for the service.

In Bombay, the country's most lucrative market, the highest bid was Rs105m over the initial three-year period, which would mean a revenue of Rs420m (£8.9m) for the department from the four companies licensed for that city. Delhi commanded a peak fee of Rs75.6m, followed by Rs45m in Madras and Rs42.3m in Calcutta.

Swedes pick German tank

The Swedish government has chosen the German tank, Leopard 2, for a long-awaited multi-billion krona defence contract, writes Christopher Brown-Humes in Stockholm.

It has ordered 120 in the improved S series and has the option to buy between 160 and 200 second-hand Leopard 2s. A further 80 tanks in the new series may be ordered, but a final decision on this is unlikely before 1997.

Mr Anders Björck, the Swedish defence minister, said yesterday the German tank had been chosen rather than the French Leclerc and the US M1A2 Abrams because it was significantly cheaper. He added that it had also performed better in trials.

He declined to reveal the value of the contract, although it is believed to be around SKr6bn (£500m). The order is being placed with Krauss Maffei on the basis of significant counter-purchases.

The first tanks will be delivered in October 1996. Most will be assembled in Sweden. Celsius, Sweden's leading defence group, said: "Although it's too early to say what counter-purchases will be involved, it will certainly be worth several billion kronor to us."

NEWS: UK

Tories braced for pay challenge

By Philip Stephens, Political Editor

The British government was last night bracing itself for a fresh challenge to its planned freeze on public sector pay as the opposition Labour party's success in forcing it on to the defensive over taxation provoked alarm among Conservative MPs.

Downing Street confirmed that Mr John Major, the prime minister, has received the first of the reports of the independent pay review bodies whose recommendations cover about 1.5m public sector workers.

The first report covers the wages and conditions of doctors and nurses and will be followed in the next few weeks by several others covering groups such as teachers and the army.

The conclusions remain confidential but speculation at Westminster last night was that the review bodies will defy the Treasury's call for any pay increases to be financed from higher productivity.

Instead the bodies may seek increases close to the 2.7 per cent which MPs have voted for themselves. The case for such increases will be strengthened by the government's admission at the weekend that the tax bill of the average family will rise by £12.50p per week from April.

Mr Kenneth Clarke yesterday again defended the need for tax increases in the face of a sustained attack from the opposition.

Mr Gordon Brown, the shadow chancellor, produced another sheaf of official figures to reinforce the opposition claim that higher bills in April and beyond had destroyed the Conservatives' claim to be the party of low taxation.

Speaking on the eve of today's House of Commons debate on the finance bill, Mr Clarke mounted a robust defence, insisting that the action to reduce public borrowing *was essential to sustain the* present recovery.

Downing Street seized also on an upbeat survey from the Confederation of British Industry to shift the focus of attention to the economic recovery. Mr Major's aides said that taken together with other recent data the CBI survey pointed to "excellent" prospects for the economy.

But the strength of Labour's attack on the government's tax record was reflected in a series of public demands from Tory backbench MPs for the tax increases to be reversed before the next general election – which is due by 1997.

Paisley attacks Ulster document

By David Owen

The Downing Street Declaration aimed at securing peace in Northern Ireland signed by the British and Irish prime ministers is a "downpayment to the IRA" and a negotiated surrender of the province's constitutional link with the UK, according to Rev Ian Paisley, leader of the hardline *Democratic Unionist party*.

He told an audience of Conservative MPs last night that the document was designed to give the terrorists a say in shaping the province's political *future*.

Arguing that the declaration would also strengthen the Irish government's role in Ulster's affairs, Mr Paisley said Dublin now had the right to decide "the sort of institutions and structures to be set up in Northern Ireland".

He said: "Cross-border bodies with a permanent unionist minority and, as proposed by Dublin, with executive functions, are the next stage on the surrender road.

The DUP leader's attack came as Mr Gerry Adams, Sinn Féin president, called on Mr Bill Clinton, the US president, to lift the ban on him entering the United States.

Insisting that Sinn Féin was not engaged in armed struggle, Mr Adams said US authorities could help the peace process in Northern Ireland by allowing him in.

The Sinn Féin president has been invited, along with other leading Ulster politicians, to address the National Committee on American Foreign Policy in New York next week.

Yesterday's call came 10 days after Mr Adams failed in *his appeal against an exclusion* order keeping him out of mainland Britain.

Meanwhile, the political talks process involving the province's constitutional parties continued in Belfast yesterday afternoon with a meeting between Mr Michael Ancram, Northern Ireland minister, and the mainly Catholic Social Democratic and Labour party's four Westminster MPs.

The Northern Ireland Office said the two sides agreed on the need for further early progress in the talks "across all three strands". They plan to meet again soon.

Foreign secretary Douglas Hurd (right) met Hong Kong governor Chris Patten yesterday morning before addressing Foreign Office employees at the request of staff unions Picture: Trevor Humphries

Hurd warning to FO staff

By Robert Mauthner, Diplomatic Editor

About 600 members of the Foreign Office's London-based staff packed the department's famous Durbar Court yesterday to hear Mr Douglas Hurd, the foreign secretary, spell out the difficult challenges facing the diplomatic service in the years to come.

The one-hour "full house" meeting, which was called by the staff trade unions, elicited little enthusiasm from most of the staff, particularly the junior officers, whose expectations of assurances on pay and working hours remained largely unsatisfied.

The foreign secretary assured his staff that the government intended the diplomatic service to remain one of "the core" public services.

But he stressed that it would be spread much more thinly in future because of financial constraints. Nor was he any more forthcoming on complaints that some officials, particularly in senior grades, were obliged to work unreasonably long hours without adequate financial compensation.

Grades of first secretary and above would not be paid over-time. They could, after all, expect greater compensations in their subsequent careers. In particular, he warned the staff that they would have to live with money-saving schemes such as the market-testing programme affecting some of the Foreign Office services, which have been opened up to private outside bidders. Unless significant savings were made in the future, it would be impossible to persuade the Treasury to maintain the Foreign Office's budget at a reasonable level, Mr Hurd said, according to a trade union representative.

Opposition grows to plans for re-organising counties

By John Authers and James Blitz

Some Conservative MPs responded with fury yesterday to proposals by Sir John Banham's Local Government Commission to abolish Humberside and North Yorkshire county councils and split them into seven all-purpose unitary authorities.

Hull and York would be given self-governing status, and Lincolnshire would retain its two-tier structure with a county council and seven districts. North Yorkshire and Humberside would be split into three large rural authorities labelled "Ridings".

Several influential Conservatives attacked the plans as *political opposition intensified* to the commission, which is due to redraw the administrative map of non-metropolitan England by the end of this year.

Sir John's proposal for Lincolnshire conflicts with guidance to the commission from the Department of the Environment *that* the status quo should only be retained in "exceptional" circumstances. The department has already told the commission to reconsider proposals to retain two tiers in Derbyshire and County Durham.

But Sir John said there was "no demand for change" from either local people or the *special interests involved in Lincolnshire*. He said: "I would be surprised if ministers would be so foolish as to force down the throats of the people, changes to the structure of local government, disruptive as it is, unless there was very persuasive evidence that change was what local people wanted to see."

Political reaction concentrated on Yorkshire. Local district councils objected that the three new Ridings would be too big, while the Association of County Councils queried the need to change North Yorkshire's structure at all.

Buyers of pits may decide on closures

By Michael Smith

British Coal plans to complete the bulk of its pre-privatisation pit closures programme by March, leaving determination of the final size of the industry to its successors.

That means the operators of the privatised industry might face politically sensitive decisions on whether to close mines almost as soon as they have bought them.

British Coal is expected to be in private hands by the spring of next year at the latest. But corporation executives and the government are working to effect virtually all pre-privatisation closures by the end of the financial year in two months' time.

They are likely to be cautious, leaving more pits open than the market can sustain in the long term. Between five and eight of 22 operating pits face closure, leaving about 15.

All 22 pits will be offered to the private sector in one form or another. But the 15 or so will form, together with opencast operations, the core of the five packages the government will offer for sale.

Although the government has promised to be flexible in the negotiations, it will be *reluctant to close any of the* pits operating after March.

Political considerations provide one explanation for the government's approach. Although pit closures are less controversial than they were a year or so ago, ministers are anxious lest they reappear as an issue while the industry is still in state hands.

In addition, the government believes the new owners will be best placed to decide on the number of deep mines they need once they take them over and start running them.

The number of deep mines that will survive much beyond privatisation will depend on how quickly coal stocks run down, on how much opencast mining the new owners carry out and on how much more productivity they can squeeze out of miners.

It seems unlikely, however, that there will be much room in the market for more than about a dozen of the 15 or so in the core packages.

N.M. Rothschild, merchant bankers advising the government on coal privatisation, forecast two years ago that there was a *future, after* the sell-off, for 14 pits.

Since then, however, the prospects for coal have diminished considerably as a result of a marked improvement in performance by nuclear power plants and a faster move than expected by generating companies into gas-fired generation.

In addition, the 15 or so pits that will be offered for sale in the five packages will face competition. That is because several pits closed by British Coal in the last year are likely to be mined under licence by private operators.

● British Coal Enterprises, the job creation agency established 10 years ago to bring employment opportunities into coalfield areas, announced yesterday it had placed 100,000 people in work.

Windpower industry may face big setback

By Andrew Taylor and Michael Smith

Britain's windpower industry may be facing a significant setback as Taylor Woodrow, one of the leading players in the sector, considers its future involvement in the industry.

The construction group is understood to be reviewing the future of its wholly owned Wind Energy Group subsidiary (WEG). A sale of the business is thought to be the most likely outcome.

WEG owns a third of National Wind Power, the biggest operator of windfarms in the UK, which runs three of the nation's 19 windfarms. National Power, the UK's largest *electricity generator, owns* the other two-thirds of the company.

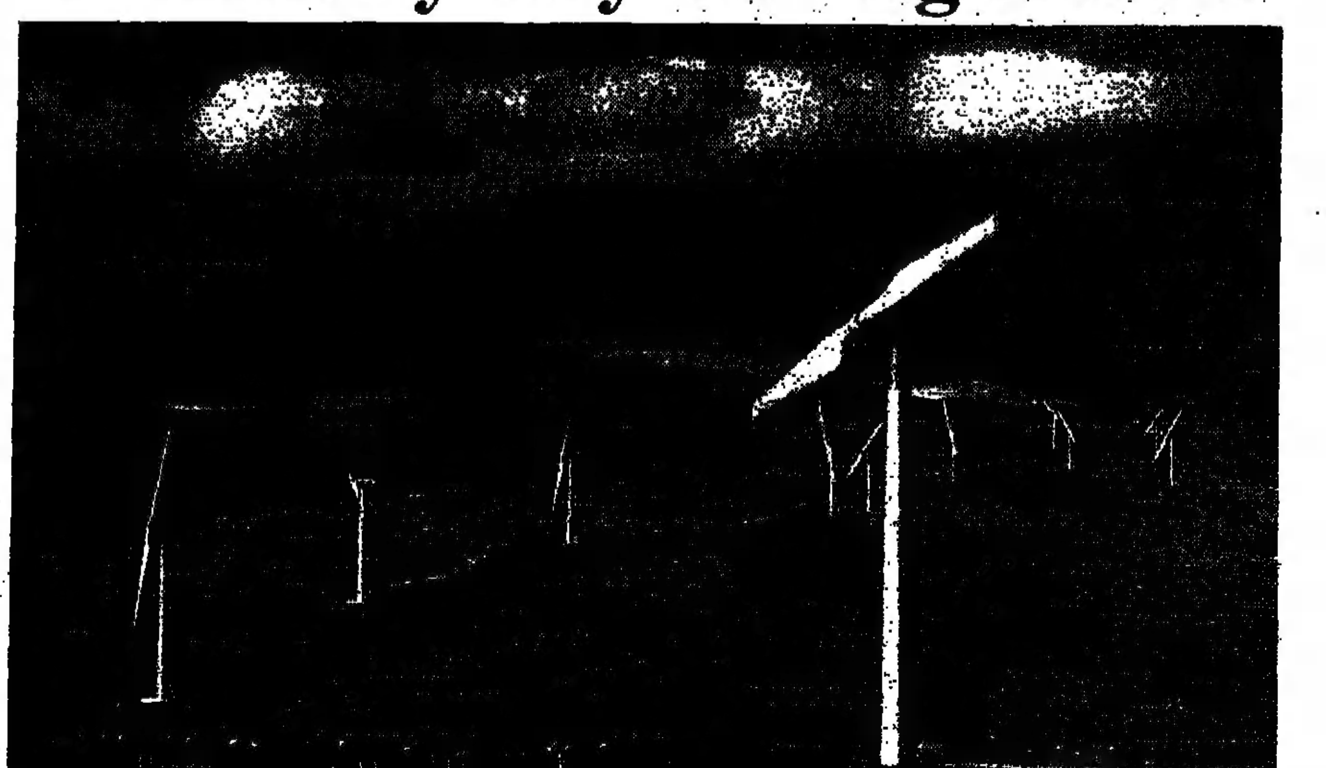
WEG has supplied wind turbines in California, Italy and Spain as well as the UK.

British Aerospace, which previously owned WEG jointly with Taylor Woodrow, pulled out of the business last year.

A similar decision by Taylor Woodrow would raise questions about the finances of windpower when it is also facing growing opposition from some environmentalists and planning authorities because of claimed excessive noise and unsightliness.

National Wind Power owns windfarms at Cemmaes and Llangwyryfon in mid Wales and Cold Northcott in Cornwall producing a combined 21MW. It operates a fourth for Yorkshire Water at Chelker in North Yorkshire.

The three National Wind Power farms were shut down temporarily before Christmas after three of the 66 turbines suffered damage from high winds.



National Wind Power's windfarm at Cemmaes in mid Wales was temporarily shut down after it was damaged during high winds

The company expects to start operating some of the turbines this week and all of them by the end of April. The problems, however, may have delayed a decision by Taylor Woodrow to seek a buyer for its interest.

The *construction* group, after incurring a £66.1m pre-tax loss in 1992, made a £10.1m pre-tax profit in the first half of this year. It has told shareholders it intends to free itself from peripheral activities to concentrate on its core businesses of construction, housebuilding and commercial property and merchanting.

As part of this general review, Taylor Woodrow has been considering the future of its *windfarm* business, which had remained profitable until the shut down.

WEG, formed with British Aerospace in 1978, offers design, supply and installation of equipment as well as operation of windfarms.

CBI survey underlines steady recovery

By Philip Coggan, Economics Correspondent

The UK economy is improving steadily with few signs of an upsurge in inflation, according to yesterday's Confederation of British Industry's Quarterly Industrial Trends survey. The survey endorses recent official data showing a pick-up in output and contradicts more gloomy reports, notably last week's survey by the British Chambers of Commerce.

Positive trends found by the CBI include improved business confidence, an increase in manufacturing orders and output, and the first sign of an increase in investment in plant and machinery since July 1989.

There also appears to be continued downward pressure on costs, with more manufacturers expecting to cut costs than at any time since the survey was first conducted in 1958.

However, the CBI said it had two main areas of concern about the UK's economic prospects in 1994. The first was the tax increases and government expenditure cuts which "will remove a significant proportioh of purchasing power from the economy". The second was the recent appreciation of the pound "which may well hold back export growth".

Sir David Lees, chairman of the CBI's economic affairs committee, said "the survey alone would not indicate a need to relax monetary policy further". But in view of "the shadow of those tax increases" he thought it would be "necessary and desirable to reduce interest rates".

Business confidence increased for the fifth quarter in succession, according to the survey. The number of companies which were more optimistic about business in general exceeded those which were less optimistic by 27 per cent. This balance, which indicates the trend, compares with plus 1 per cent in October.

Optimism has been fuelled by an increase in output and orders. The balance of companies reporting an increase in manufacturing output was the highest quarterly figure since July 1989.

The CBI forecasts that output will grow by 0.7 per cent in the first quarter of 1994, based on its survey figure showing a balance of plus 16 per cent expecting an increase.

Despite the pound's strength, new export orders appear to have picked up over the last quarter, and total orders increased at the strongest rate since early 1989.

There are few indications of an inflationary upturn. More manufacturers cut prices than raised them over the past four months – for both domestic goods and for exports.

Companies are on balance planning to increase prices over the next four months, confirming the results of a recent Dun & Bradstreet survey.

However, the CBI survey showed the same price-raising intention in January 1993, and companies proved unable to carry out their plans.

VW to boost component orders with UK

By John Griffiths

Component purchases in the UK by the Volkswagen group could rise to £400m this year, double the level of two years ago, UK-based executives of the German carmaker indicated yesterday.

The estimate follows a visit to the UK last week by Mr Jose Ignacio López de Arriortúa, VW's controversial purchasing director, where he offered 360 senior executives of the UK's motor components industry the prospect of substantially more business with VW.

Mr Lopez, the former General Motors' purchasing director still embroiled in industrial espionage allegations, told a meeting of components companies' executives at Birmingham's National Exhibition Centre that he was hoping for a 10-fold increase in quotations from potential UK suppliers.

VW, engaged in a struggle to cut component costs and improve productivity, has embarked on what Mr Lopez calls a "global sourcing policy" in pursuit of high-quality, low-cost parts.

Supplies from the UK have become an increasingly attractive prospect for VW. This is partly because of cost-competitiveness helped by currency advantages.

The components industry is also thought to have benefited in quality terms from its links with Japanese factories in the UK. These encouraged VW last year to set up a separate components purchasing department at its headquarters at Milton Keynes in Buckinghamshire. This employs nearly 20 people and last year purchases rose to £300m

VW is making available teams of its engineers to suppliers needing to improve design or other efficiencies.

Germany's other two leading carmakers, BMW and Mercedes-Benz, have also been increasing their components purchases from UK suppliers.

Mercedes was spending only £25m a year with UK suppliers at the end of the 1980s. This rose to £72m in 1991 and is now estimated to be more than £100m. BMW was spending only about £10m a year in the late 1980s but last year this was estimated to have risen to about £50m.

Britain in brief

Builders upbeat on outlook

There was more encouraging news for the UK government on the economy yesterday, as the building industry published its most optimistic survey on work prospects for four years.

The Building Employers Confederation said contractors during the final three months of last year had enjoyed the biggest rise in inquiries from potential customers since the beginning of 1989.

Sir Brian Hill, confederation president, said: "If the construction industry is a barometer for the rest of the economy, the underlying trend is encouraging."

Thirty-one per cent of the 600 companies questioned expected to increase output over the next 12 months. This compared with 47 per cent which expected output to remain unchanged, and only 21 per cent which expected workloads to fall further.

Shake-up for business radio

Two of the main business programmes on BBC Radio 4 are to move to the new Radio Five Live news and sports networks due to launch on March 28.

The Financial World Tonight and *The Financial Week* are moving to the new networks as part of the BBC's expanded financial and business coverage.

Ms Jenny Abramsky, controller of the new network, outlined a draft schedule for the network that will replace Radio 5 – a schedule that includes a early morning one-hour news round-up followed by a 2½-hour breakfast programme; a two-hour lunchtime programme and a three-hour early evening programme which will include coverage from all main regional centres in the UK.

Mother wins compensation

A woman turned down for a job after having her CV posted back to her with the words "four-year-old son" written across it won £760 compensation at an industrial tribunal in Southampton yesterday.

The tribunal ruled that Miss Julie Crosbie, a secretary, was sexually discriminated against by the Wilky Group, a construction and civil engineering concern, when she went for a job interview last year.

At the interview Mr Adrian Smith, a divisional director of the company, was said to have formed a "stereotype view" of the unmarried mother and muttered: "This may have a bearing on your application," when she first told him about her son.

Miss Crosbie, of Farnborough, Hants, was interviewed for a secretarial post at the Wilky Group headquarters in Farnborough but she said the interview took a downward trend when she said she had a young child.

Rise in discount retailing seen

Discount retailing, which has made a significant impact on the UK grocery market since 1990, is spreading rapidly into areas such as clothing and household goods, says a report published today by the Corporate Intelligence research group.

It says more than 30 large non-food discounters and many smaller ones – which adopt a low-cost, low-margin approach to enable them to offer the cheapest possible prices – are already operating throughout the UK.

Contractor to shed 400 jobs

Four hundred jobs have been lost from among a workforce of about 550 at some 20 sites run by an electrical and mechanical engineering contractor Kentz C&M (UK), based in Sunbury, Surrey.

The company is the British subsidiary of Kentz Corporation, based in Clonmel, Ireland, which is in insolvency proceedings in Dublin.

Fall in members' agents at Lloyd's

By Richard Lepper

The number of members' agents at Lloyd's of London has fallen by nearly a third over the past 12 months, signalling continued rationalisation among businesses trading at the insurance market.

Only 46 members' agents – which handle the affairs of the individual Names whose assets have traditionally supported the market – will trade in 1994 compared to 65 last year, figures provided by Indemnity Insurance Services (IIS), an insurance broker and specialist Lloyd's advisory company, show. Ten years ago more than 250 separate agencies handled the affairs of Names and allocated them to syndicates, but the number has fallen sharply after losses of more than £6bn in the past five years.

IIS predicted that the shake-out will continue. Mr James Stuart, managing director, said: "Additional requirements of professionalism is going to mean continued rationalisation of the members' agents community."

Lloyd's is pressing agents to transfer many of their functions – such as holding Names' deposits – to a new central services unit, run by the Lloyd's Corporation, which administers and regulates the market, as part of moves to increase the market's overall efficiency.

Members' agents are also under intense legal pressures. Loss-making Names have alleged that the quality of advice provided by many in the 1980s was poor, and have targetted agents in more than a dozen separate legal actions.

Agents have limited insurance cover to protect them and could be crippled if damages are awarded against them.

Already the financial resources of many have been stretched by the cost of contributing some £50m to a £900m proposal which Lloyd's has offered loss-makers in an attempt to settle disputes outside the courts.

Recognising the difficulties of many agents, last November Lloyd's reduced minimum capital requirement for agents to the equivalent of three months' running expenses.

IIS also says that the number of Lloyd's syndicates will also shrink in 1994, with 53 of the 228 syndicates active last year, either merging or closing. Four new syndicates will start underwriting in 1994.

Despite the shrinkage in numbers, both individual agents and syndicates will be bigger. Lloyd's capacity – its ability to accept insurance premiums – will rise from £8.7bn in 1993 to at least £10.5bn in 1994, following the attraction of new corporate capital to the market and the decision of many existing Names to increase their commitments.

MANAGEMENT: THE GROWING BUSINESS

The UK economy may be improving, but dangers still lurk for companies striving for growth, says **Richard Gourlay**

A survivor's guide to the recovery

So your business survived the recession. Now comes the tricky part, surviving *the recovery*. More businesses go bust as the economy starts to recover than fail during a recession. At least that was the experience in 1981-82.

This time around the experience may be different. Insolvency figures show that company failures are actually falling. This may be explained by the slow pace at which the economy is improving - despite the wave of positive economic statistics published so far in 1994. It may also be because businessmen and women took such a pounding over the last four years that they are reluctant to expand.

But it is too soon to say the pattern will not be repeated. The traps of over-trading, poor cash-flow management and under-capitalisation are in position and ready to snare the unwary once the economy makes a more robust recovery.

This page will return to many of these themes in greater depth in the coming months. But today it offers a quick route map around the hazards remaining for growing businesses as they emerge from the longest recession in memory.

Beware over-trading

"My guess is that we will see over-trading problems emerge in the next 18 months because the recovery has not been strong enough yet to get people into trouble."

– Nigel Males, Turnaround partner, KPMG

It is a basic tenet of business that a company making an accounting profit can go bust even when sales are rising if cash flow is not enough to pay suppliers. New orders involve an increase in stocks, work-in-progress and debtors and a consequent rise in the need for working capital. Trouble looms if you are paying suppliers before you are paid by your customers.

Yet a recent study by Touche Ross, the accountancy firm, showed an alarming lack of understanding of how much working capital is needed to expand. Half the companies surveyed with sales of £5m to £150m, said they expected to grow by up to 15 per cent in the next two years. But only a third said they planned to raise any new money or increase their overdraft.

A simple example demonstrates that such alchemy cannot work – growth is not possible without additional capital in some form. Take a typical manufacturing company with sales of £10m that plans to grow by 17.5 per cent over 18 months. Realistic expectations, but the impact on cash flow is startling.

Males says that if this company had a typical manufacturing cycle and, as one would expect, had to pay its suppliers before its customers paid their bills, the company could need £250,000 in additional working capital to cover the 10 weeks before cash came in from the additional sales. As this company could well have a capital base of only £500,000, the balance sheet would clearly be put under pressure.

If margins are improving, it is possible the company could generate enough cash. But others may not have this luxury. "For companies with very rapid growth there is a problem and banks will be less keen to provide overdraft," says Michael Queen, a director of 3i, the development capital group.

One solution may be to resist jumping on the treadmill of trying to increase sales rapidly (more about this in the section on pricing).

Kidsons Impey, the accountancy firm, says a preferred option might be to invest in capital equipment. This could increase profitability on existing business, which would then provide internally generated cash to finance the working capital demands of future sales growth.

Either way there would be a need to raise finance.

Raise capital

"Almost the defining feature of a small business is that it is undercapitalised.

– Graham Bannock, Consultant to DTI

Last year saw a near record number of quoted companies raising capital through rights issues. Some were opportunistic on the back of a rising stock market. But many companies were seeking shareholder support to finance a recovery in sales or investment.

The same rules apply to smaller companies. But many of the unquoted companies appear to think they can grow without extra capital.

While consultants and accountants provide anecdotal evidence that banks have been more supportive during the latter stages of this recession, they say companies should be under no illusions. The banks are not necessarily going to line up to finance the next stage of growth.

Eddie George, governor of the Bank of England, may try to cajole banks to lend on the strength of cash-flow projections and business plans. But it is unrealistic to expect them to increase unsecured overdrafts to fund growth. "In essence companies are asking for equity on an overdraft for a lousy return," says Males.

Bank reluctance will be greater when a company makes an urgent request for working capital – a sure sign that it has not planned the management of its growth. Companies that want to grow must therefore be prepared to raise new funds, even if this means dilution of control.

"If you have a coherent plan and a well managed management team there is no shortage of finance," says Queen. "What businesses will have to get used to is that financiers will increasingly demand quality proposals."

Dilution of an owner-manager's control need not be as great as many suppose. Queen says that packages of funds can be put together in a relatively short period of time. For example, a company needing £500,000 might only have to raise £150,000 in equity, while the balance could be provided by the government's small loans guarantee scheme and overdraft.

Avoid under-pricing

"Many companies are doing a lot of bad business which is not profitable. Most companies would be more profitable if they were a little bit smaller.

– John Winkler, pricing consultant, Winkler International

Possibly because of the slow pace of recovery margins and profitability are hardening, according to Queen. But there is a great temptation as orders begin to reappear for order-starved companies to grab any business that comes along. This can be fatal.

Companies should be rebuilding margins, but accepting any orders or giving unnecessary discounts in order to secure them is exactly what the company does not need. First, low-margin business uses capacity that could be used for higher-margin contracts later; a 1 per cent price cut for a company earning 10 per cent net margins leads to a 10 per cent reduction in that margin.

Conversely, as the accompanying diagram shows, the most effective way to rebuild margins is to put prices up. Cutting costs is almost as effective and the least efficient way is to increase sales.

That said, pricing strategies need to be seen in an industry context.

Winkler says downward pressure on prices is much more intense than a year ago, particularly for manufacturers who are large OEM (original equipment manufacturer) suppliers.

If a business has survived the recession it will typically have already cut costs, and removed overheads. But such businesses are increasingly faced with demands from large customers for immediate 5 per cent price cuts and the same in each of next two years.

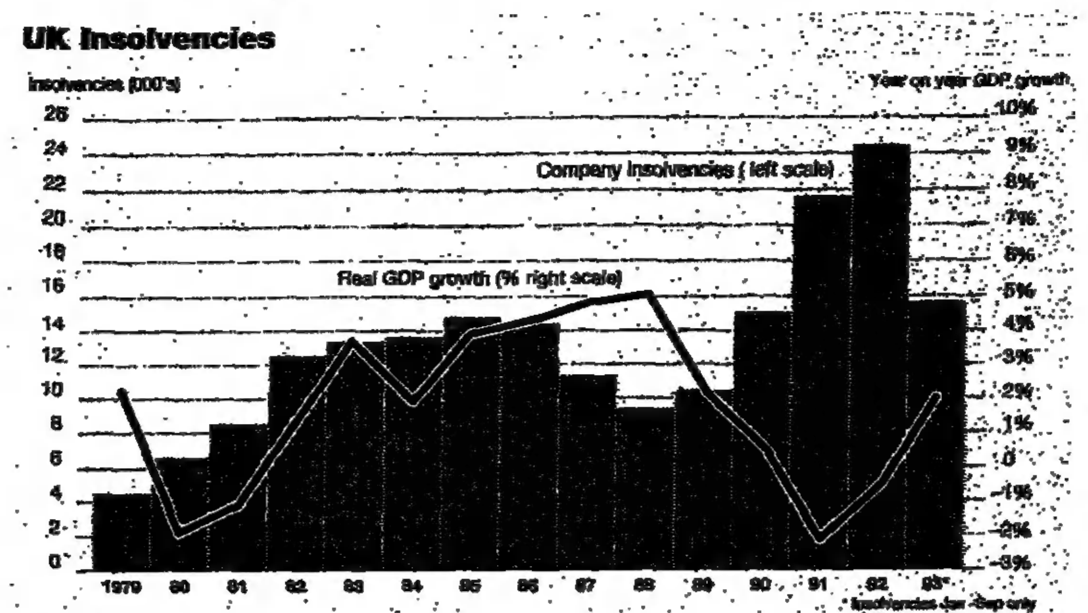
Winkler says that rather than reducing this pricing pressure, the end of recession has actually added to the problems – as orders increase, so the biggest customers are demanding even more price cuts.

The only solution is to resist being "seduced by volume" and to avoid becoming dependent on one customer for more than a certain proportion of sales.

"The only way in the long run is to be able to turn round to the customer and stick two fingers up," he says. "You have to get yourself structured – by putting all that business though one line or one plant – so that you can walk away from the business."

Winkler's advice to smaller companies is; "Paradoxically, don't worry too much about market share; worry about profitability and margin management."

UK Insolvencies



Managing margins-not boosting sales

	Base case	1% sales rise	1% cost cut	1% price rise
Sales	100	101	100	101
Variable costs	50	50.5	89.1	50
Fixed cost	40	40		40
Net profit	10	10.5	10.9	11

Illustration of the impact of price, sales and cost changes on net profit margins

Source: John Winkler International

Beware your bank

"If you are under water on your security, don't pay large amounts into you account at one time. This could put your bank manager in the position where he has to pull the plug"

– Anonymous consultant

Few banks would admit it, but companies in financial difficulty may be more exposed to their banks when they start to recover than in the depths of recession.

Company X's overdraft might have risen at the same time as the value of its security was falling during the recession. As the recovery gathers pace it finally receives a large cheque from a customer. If paid into the account, it would not be unknown for a bank to take the opportunity to cut the company's overdraft limit. While not actually pulling the plug, the bank would effectively prevent company X from continuing to trade even though prospects were improving.

Banks and accountants publicly say the best way around this, as in many things, is to keep the bank well informed of likely cash movements. Ideally the bank could be asked for an undertaking that the line would not be cut.

But privately consultants and equity providers say companies are hugely exposed in these circumstances and need to protect themselves even at the risk of upsetting relations with the bank.

One option is to pay large payments in slowly so that the overall overdraft comes down only marginally. Another is to pay large cheques into a different bank account.

Neither solution is ideal and again better planning would help. Just as a company would never dream of becoming dependent on one customer or one supplier, nor should it become dependent on one source of finance.

Review and consider

- **Factoring and invoice discounting.** Companies, particularly fast-growing ones, should consider using these two alternatives to the traditional overdraft. Both are flexible, compared with an overdraft, as the size of the facility generally increases in line with sales growth. One disadvantage is that they can be expensive – possibly a third more than overdraft finance.
- **Recognise pressures on management.** Queen believes managements are going to have to live through times that will be as stressful and demanding as they went through when the recession first hit. Having pared away layers of management and sales staff, chasing new orders could stretch management resources while taking on new sales staff will increase overheads before orders are actually won.

Additionally, managers may be poached by competitors as sales increase. Companies should review compensation packages for key people and consider share option schemes to tie them in.

- ***Review marketing strategy.*** Having survived the recession, the shape of the market served may have changed dramatically. Some competitors will have gone to the wall, others will have been greatly strengthened. Others may have avoided cutting deeply into development budgets and will be bringing out a new product range. In short, companies should not assume they can resume pre-recession levels of sales or margins.

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COURT OF CAGLIARI
NOTICE OF SALE AT AUCTION OF PROPERTY

It [redacted] hereby [redacted] that, in [redacted] n. 4338 promoted by CARIPLO S.p.A. against EDISAC IMMOBILIARE S.R.L., the sale [redacted] ordered of the following real estate property: tourist-hotel complex located in Villasimius, Capo Boi district, consisting of [redacted] with various facilities; specified in the Land Register, Sheet 19, Cadastral [redacted] 100, 32/b, 33, 35, [redacted] and [redacted] 1/8, with tourist-hotel destination; with positive and negative servitudes as resulting from RAMONDELLI notarial deed dated 13th January 1978, published [redacted] 8th February [redacted] under item [redacted] and art. 2137. [redacted] price [redacted] Lit. 3,500,000,000. In relation to [redacted] [redacted] increases of Lit. 500,000,000 each [redacted] admitted. Those who intend to [redacted] shall deposit, [redacted] the hands [redacted] the Clerk [redacted] Court, a [redacted] envelope carrying only the personal data of [redacted] the proceedings number. The envelope shall contain a document specifying [redacted] bid price and signed by the bidder; [redacted] bidder's signature shall [redacted] authenticated either by a Notary [redacted] by a Town Clerk or another Court Clerk. The [redacted] shall be attached [redacted] the following payments: a) Lit. 500,000,000 as [redacted] bond; b) Lit. 1,000,000,000 for expenses. Bids [redacted] be submitted before [redacted] pm. of 28th February 1994, [redacted] may not be revoked for a period of twenty days. At [redacted] hearing of [redacted] 1994, [redacted] 11.30 [redacted], in [redacted] presence of the parties [redacted] of the bidders, [redacted] Judge will open [redacted] envelopes following [redacted] progressive number indicated thereon. In [redacted] of a multiplicity of bids, [redacted] auction [redacted] whereby [redacted] base price will [redacted] the highest [redacted]. Each upward bid [redacted] exceed the previous [redacted] by at [redacted] Lit. 500,000,000. The property will [redacted] temporarily [redacted] highest bidder, without prejudice to the application of the provisions of art. 572 of the Code of Civil Proceedings. The highest bidder shall pay [redacted] balance of the price [redacted] follows: a) [redacted] twenty days from [redacted] date, Lit. 1,400,000,000 [redacted] BNL CREDITO FONDIARIO S.p.A.; [redacted] within twenty days from [redacted] date, the [redacted] sale price, [redacted] of [redacted] bid bond, and [redacted] amount under a) and, in any case, not more [redacted] Lit. 3,771,670,000, at CASSA DI [redacted] DELLE PROVINCIE LOMBARDE S.p.A.; c) within thirty days from [redacted] date, in [redacted] of the Court Clerk, according [redacted] proceedings [redacted] for judicial deposits, the remaining amount, if any. [redacted] the highest bidder intend [redacted] have recourse to [redacted] possibility provided for by art. 61 of [redacted] Consolidation Act of the land credit legislation, he/she shall explicitly declare it [redacted] the above hearing [redacted] sale time. In [redacted] case, in [redacted] presence of the conditions for [redacted] application of the aforesaid provision, the payment of the price shall be made as follows: a) [redacted] days [redacted] sale date: 1) Lit. 1,400,000,000, equal to the amount of overdue [redacted] loan instalments, of [redacted] and expenses, [redacted] BNL CREDITO FONDIARIO S.p.A.; 2) [redacted] difference between [redacted] price, [redacted] of [redacted] bond, and the amount of under 1) and, in any case, not more than Lit. 3,381,370,000, equal to [redacted] of overdue loan instalments, interests and expenses, at CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE S.p.A.; 3) the difference - if any - between the sale price, [redacted] bid bond, and the sums under 1) and 2) and, in any [redacted] than Lit. 390,300,000, equal [redacted] the difference between the total sum due [redacted] CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE S.p.A. and [redacted] under 3), with taking over of the original mortgage loan by declaration [redacted] before [redacted] Court Clerk [redacted] personally by the party [redacted] by a holder of a special proxy; b) within thirty days from sale date, the remaining amount, in the hands of [redacted] Court Clerk and according to the proceedings established [redacted] judicial deposits.

COURT OF CAGLIARI
NOTICE OF SALE AT AUCTION OF PROPERTY

It [redacted] hereby announced that, in the execution action n. 71/89 promoted by CARIPLO S.p.A. against SUIZO SARDA S.p.A., the sale [redacted] ordered of the following real estate property: [redacted] complex called HOTEL CAPO BOI, located in Villasimius, Capo [redacted] district; built on an [redacted] duly specified in the Land Register, Sheet 19 Cadastral maps 31/a, 32/a, 34; 50, 51, 68/a, 69 1/2 [redacted] 101, with tourist-hotel destination; with positive and negative servitudes as resulting from RAMONDELLI notarial deed [redacted] 13th January 1978, published on 8th February 1978 under item [redacted] and art. 2137. [redacted] price [redacted] Lit. 12,000,000,000. In relation to said amount [redacted] increases of Lit. 1,000,000,000 each [redacted] admitted. Those who intend to bid shall deposit in the [redacted] of [redacted] Clerk of [redacted] Court a [redacted] envelope carrying only [redacted] personal [redacted] of [redacted] bidder and [redacted] proceedings number. The envelope shall contain a document specifying the bid price and signed by [redacted] bidder; the bidder's signature shall [redacted] authenticated either by a Notary [redacted] by a Town Clerk or another Court Clerk. The following payments shall [redacted] attached [redacted] the bid: a) Lit. 2,000,000,000 as bid bond; b) Lit.3,000,000,000 for expenses. Bids shall [redacted] submitted before 1.00 p.m. of 28th February 1994, and may not [redacted] revoked for a period of twenty days. At the hearing of 24th March, 1994, [redacted] 11.30 a.m., in the presence of the parties [redacted] of the bidders, [redacted] Judge will open the envelopes following [redacted] progressive number indicated thereon. In [redacted] case of a multiplicity of bids, an auction will be made whereby the [redacted] price will [redacted] the highest [redacted] bid. [redacted] upward bid shall exceed the previous [redacted] by at least Lit. 1,000,000,000. The property will [redacted] temporarily [redacted] the highest bidder, without prejudice to [redacted] application [redacted] provisions of art. 572 of the Code of Civil Proceedings. The highest bidder shall pay [redacted] of [redacted] price as follows: a) within twenty days from sale date, Lit. 9,001,600,129 [redacted] CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE S.p.A.; b) within thirty days from sale date, [redacted] remaining amount in [redacted] hands of [redacted] Court Clerk following the procedure relating [redacted] judicial deposits. c) Should [redacted] highest bidder intend [redacted] have recourse [redacted] the possibility provided for by art. 61 [redacted] the Consolidation Act [redacted] the [redacted] credit legislation, he/she shall explicitly declare it at the above hearing at [redacted] time. In this case, in the presence of [redacted] conditions for [redacted] application of the aforesaid provision, the payment of the price shall be made as follows: a) within fifteen days from [redacted] date: 1) Lit. 7,038,426,318, equal [redacted] the amount of overdue mortgage loan instalments, of interests and expenses, at CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE S.p.A.; 2) Lit. 1,963,173,811, equal [redacted] the difference [redacted] the [redacted] sum due [redacted] CASSA DI [redacted] DELLE PROVINCIE LOMBARDE S.p.A. and the amount under 1), with taking [redacted] of the original mortgage loan n. 1/530287 by declaration [redacted] before the Court Clerk either personally by the party [redacted] by a holder of a special proxy; b) within thirty days from sale date, [redacted] remaining amount, in the hands [redacted] the Court Clerk and according [redacted] the proceedings [redacted] for judicial deposits.

AUCTION NEWS - The National Weekly Guide to Industrial/Commercial Auctions, Liquidations, Receiverships, Government Surplus, etc. Details from A.N.S. Tel: 0532-551300 Fax: 553058

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BUSINESS AND THE LAW

Civil jurisdiction is clarified

EUROPEAN COURT

The European Court has clarified the extent to which the [illegible] Convention on Jurisdiction and the Enforcement of Judgments in [illegible] and Commercial *Matters applies* [illegible] *judgments* given in non-contracting [illegible].

The [illegible] said the convention, and in particular rules [illegible] *pen-*[illegible] (actions pending in other courts) and related actions, do not apply [illegible] proceedings, [illegible] arising in proceedings, in contracting [illegible] concerning [illegible] recognition and enforcement [illegible] judgments given in civil [illegible] commercial [illegible] in [illegible] tracting [illegible].

The Court [illegible] *ruling* [illegible] questions [illegible] interpretation referred to [illegible] by the House of Lords [illegible] context of enforcement proceedings relating [illegible] judgment [illegible] High Court of Saint Vincent.

That court had ordered [illegible] defendants, [illegible] Industria Chimica, [illegible] chairman and managing director, Fulvio Bracco, [illegible] in Italy, [illegible] loan of SFr9m claimed [illegible] *have* [illegible] *by* [illegible] *plaintiffs,* Owens Bank Ltd, in [illegible].

[illegible] exis-[illegible] any loan [illegible] alleged [illegible] relied [illegible] forged doc-[illegible] and [illegible] testimony. When Owens applied [illegible] the Saint Vincent order [illegible] Italy in July [illegible] the [illegible] had [illegible] obtained by fraud.

When [illegible] later applied to an English Court for [illegible] declaration *under the Administration of* Justice [illegible] 1920 [illegible] Vincent order [illegible] enforceable in England, the [illegible] again said the order had been obtained by fraud. They also argued that the English Court should decline jurisdiction or stay [illegible] proceedings pending conclusion [illegible] Italian enforcement proceedings, relying on the provisions of the Convention relating to *lis pendens* [illegible] related [illegible].

In particular, they contended the question whether Owens Bank had obtained judgment [illegible] which [illegible] in both English and [illegible] proceedings.

The ECJ noted that the procedure under section 9 of the Administration *of* [illegible] involved [illegible] registration [illegible] the foreign judgment so [illegible] it [illegible] be enforced in the same way as a judgment given by [illegible] English court. [illegible] Court [illegible] took [illegible] that [illegible] provides that [illegible] judgment may [illegible] registered if obtained by fraud or if it [illegible] *a* [illegible] *of action* [illegible] from [illegible] jurisdiction of the English court for [illegible] of public policy.

If such a judgment is registered, [illegible] to challenge in [illegible] proceedings [illegible] dealing [illegible] the matter may consequently order [illegible] determined by a [illegible] the parties.

The ECJ, thus, defined [illegible] in which the [illegible] of Lords [illegible] interpret [illegible] *proceedings* [illegible] way in one of the states party to Convention to the execution [illegible] judgment given in [illegible] civil and commercial matter in [illegible] non-contracting state.

The [illegible] the [illegible] apply [illegible] proceedings for the [illegible] judgments [illegible] civil and commercial [illegible] non-contracting [illegible] nor [illegible] arising in [illegible] proceedings, such [illegible] question [illegible] the *judgment in question was* obtained by fraud. [illegible] wording of Title III of the Convention showed the proce-[illegible] for recognition [illegible] enforcement apply only [illegible] decisions given by [illegible] contracting state.

The Court [illegible] rejected [illegible] arguments [illegible] relating to [illegible] arising in enforcement proceedings, [illegible] as [illegible] issue, were independent of the [illegible] proceed*ings and should be recognised in* [illegible] contracting [illegible].

C-129/92, [illegible] *v Bracco, ECJ 6CH, January 20 1994.*

Eurocontrol escapes EC rules

In the context [illegible] Belgian proceedings in which the German airline [illegible] on an alleged abuse of a [illegible] as [illegible] defence to claims by Eurocontrol for payment of air traffic control fees, the ECJ held [illegible] *was not an "undertaking" in the* meaning of EC competition rules.

C-364/92, SAT v [illegible] *FC, January 19 1994.*

BRICK COURT CHAMBERS, BRUSSELS.

Germany has no difficulty in [illegible]rsuading companies [illegible] recycle packaging – they have to [illegible] by law. The scale of German recycling, however, has caused problems [illegible] other countries [illegible] *Europe.*

By generating [illegible] surpluses of recyclable materials, which [illegible] German market cannot absorb, it is cheaper [illegible] recyclers to obtain [illegible] plastics from Germany [illegible] to [illegible] them locally.

The surpluses [illegible] also caused domestic problems for Germany: the private-sector organisation that [illegible] the materials has run into financial trouble [illegible] the [illegible] recycling [illegible].

[illegible] *regulation* [illegible] *helped* [illegible] *cre-*ate this situation was the [illegible] Pack-[illegible] Ordinance; the government [illegible] this around March. The [illegible] draft provides [illegible] a relaxation in recycling targets and [illegible] a limited amount of [illegible] surpluses [illegible] to recover their [illegible] content. However, most [illegible] of the [illegible] would remain unchanged.

The [illegible] compels German producers of packaging [illegible] to *take* [illegible] *back for reuse or* [illegible] recycling. Incineration for energy [illegible] currently [illegible] allowed. Manufacturers, fillers, [illegible] and [illegible] packaging from [illegible] link [illegible] in [illegible] chain, beginning with [illegible] retailer, who must take it back from the [illegible].

For transit packaging, [illegible] new [illegible] the demand [illegible] material recycling – it will only be required where "technically possi*ble"* [illegible] *"the* [illegible] *costs* ... are [illegible] in comparison with other recycling processes". This [illegible] apparently [illegible] the [illegible] judgment.

This relaxation should help [illegible] on [illegible] collec-[illegible] and recycling [illegible] of [illegible] and [illegible] through [illegible] *However,* the revised [illegible] needs [illegible] the [illegible] comparison clearer.

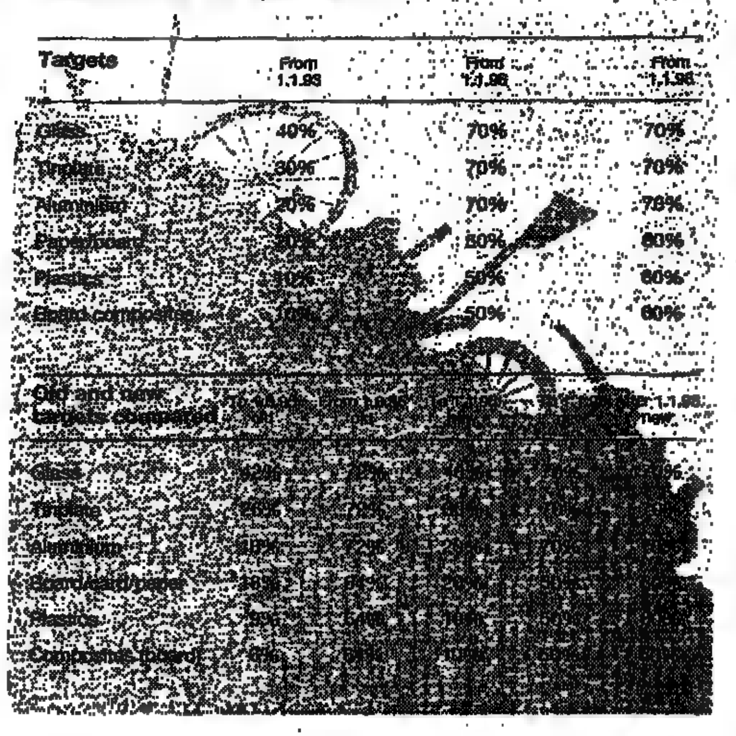
In theory the take-back rule also *applies to sales packaging. In prac-*tice, [illegible] turning [illegible] shops into rubbish dumps by [illegible] government-approved [illegible] collection and separation system, which meets set collection and recycling targets.

This system is run by Duales System Deutschland, [illegible] charges [illegible] goods producers and importers a fee for the right to display a "green spot" on their packaging – [illegible] symbol that [illegible] the [illegible] *it will not have to take back that* packaging from customers. Householders separate their packaging waste, to be collected and passed to reprocessors without [illegible] DSD's fee operates as a subsidy, financing [illegible] and separation [illegible] unlimited quantities of packaging waste.

When waste is not wanted

Michael [illegible] and **David Perchard** on Germany's recycling legislation

Recycling in Germany



Targets	From 1.1.93	From 1.1.95	From 1.1.96
[illegible]	40%	70%	70%
[illegible]	30%	70%	70%
[illegible]	20%	70%	70%
[illegible]	20%	80%	60%
[illegible]	10%	50%	60%
[illegible]	10%	50%	60%

This charge [illegible] waste manager's [illegible] of profit.

The [illegible] for the [illegible] the current *Dual System's* targets. [illegible] moment, [illegible] cover, first, quantities collected, and second, amounts sorted, of suit*able quality material. The new text* abandons collection targets under such a Dual System, and fixes minimum recycling rates as a percentage of total packaging marketed.

The percentages (by weight, see table) are lower under the proposed [illegible], and instead [illegible] brought [illegible] through [illegible] are [illegible].

In the ordinance the sorting targets are expressed as a percentage of [illegible], so the more *that is collected, the more has to be* sorted. The minimum recycling rate [illegible] effectively the [illegible] percentage multiplied by the sorting percentage.

With the exception of glass, all targets for the first stage are higher. However, they fall from January 1 1996, [illegible] most [illegible] being for the following three-year period [illegible] January 1 1996. [illegible] plastics, half [illegible] minimum tar-[illegible] by techniques ensuring [illegible] through melting, dissolving or turning into pellets.

The new text will permit energy incineration [illegible] are [illegible]. Failing this, excess materials must be [illegible] the public authority for incineration as commercial waste.

In 1992, the Federal Cartel Office ruled against [illegible] extension [illegible] DSD's activities to [illegible] waste. The Dual [illegible] therefore [illegible] only to collections from households, cafés, bars and small [illegible].

A companion measure, the Mark*ing Ordinance,* would apply from July 1 1995, after clearance by the European Commission. This would require all packaging to be marked with the [illegible] or reused several times) or *Einweg* (one-trip). Packaging manufacturers must indicate *Stöfflich Verwertbar* (recyclable), *Verwertbar* (if recoverable in another way) or *Nicht Verwertbar* (non-recoverable). Polymers must be listed separately.

For one-trip packaging, an indication must be given on the pack of *the estimated* [illegible] *cost.* This, however, could mislead the consumer, who does not have full information about the packaging's cost-effectiveness.

Another country with recycling legislation is France. In 1992 it passed a decree for household packaging waste under which, as in Germany, the producer must either take it back or pass responsibility to a state-approved organisation and pay for an identifying logo.

However, the French manage to avoid some of the pitfalls of German legislation, even in its amended form. Thus France makes membership of a government-approved collection scheme a legal requirement for fillers and importers, rather than relying, as Germany does, on retailers to police the system.

To keep supply and demand roughly in balance, France gives clean energy incineration equal sta-[illegible] with recycling. Also commitments from [illegible] recycling organisations predetermine collec-[illegible] and separation volumes [illegible] the local authorities.

French [illegible] authorities are responsible for collection, and "green spot" licence fees [illegible] used [illegible] help [illegible] develop [illegible]. Germany still follows the expensive, [illegible] line of insisting on independent recycling.

France is preparing [illegible] separate law for industrial [illegible] commercial [illegible] which makes [illegible] use of [illegible] systems, [illegible] example that Germany should fol-[illegible]. And in [illegible] Germany's [illegible] not prescribe [illegible] by legislation but [illegible] them through the machinery for licensing [illegible] organising [illegible]. This allows flexibility.

Germany's recycling targets [illegible] much higher than [illegible] maximum figures in the [illegible] European Union Packaging [illegible]. The [illegible] *allows member states to set higher* targets [illegible] the Commission confirms that [illegible] internal market distortions and [illegible] not hinder compliance by other member states. Germany opposes this condition and, if challenged, will invoke article [illegible] of the Treaty of Rome, which permits national [illegible] mental protection measures [illegible] harmonisation measure is passed. Arguably, the European Court of Justice in Luxembourg should rule *that that this refers to the EU envi-*ronment as a whole [illegible] than Germany's national environment.

[illegible] Rose is a partner of [illegible] *solicitors S. J. Berwin & Co and David Perchard is head of Perchards, European affairs consultants*

LEGAL BRIEFS

Review of suits against advisers to US fraudsters

The right of private litigants in the US to bring aiding and abetting actions against accountants, lawyers and other professionals with secondary involvement in securities fraud is under review by the US Supreme Court.

Plaintiffs' lawyers and the Securities and Exchange Commission argue that denying private actions could deprive investors of their best shot at recouping losses. Many investors who lost money in the recent savings and loans (building societies) crisis, for example, were only [illegible] to recover [illegible] losses *by successfully suing accountants* and law firms which had advised the failed institutions.

The case under review, [illegible] Bank of Denver v First Interstate Bank of Denver, involves an $11m bond issue made in [illegible] which Central Bank of Denver served as the indenture trustee. The bonds [illegible] by property, and serious questions were raised about the accuracy of the property's appraisal before [illegible] bonds [illegible] issued. Central Bank ordered [illegible] new appraisal but delayed it until six months [illegible] the bonds were issued. After the bonds went into *default* [illegible] 1990, First Interstate, which had bought £2.1m, sued Central alleging it had intentionally or recklessly aided and abetted [illegible] fraudulent scheme by delaying the appraisal.

France opens up

The Paris bar authority has approved the first groupement transnational or multi-national partnership between French avocats and English lawyers since the 1992 French law precluding non-French law firms from setting up branches in France. The decision allows City [illegible] Wilde Sapte to [illegible] its Paris office into its international network.

PEOPLE

Ladbroke board adds non-execs

The restructuring [illegible] board after the [illegible] of former chairman Cyril Stein continued yesterday with the appointment of [illegible].

Hugh Collum, [illegible] Beecham, the [illegible] group, and Derek [illegible], [illegible] of Cadbury Schweppes, are [illegible] join the [illegible].

Williams' assumption [illegible] full [illegible] delayed, however, [illegible] his participa-[illegible] in [illegible] rival bid [illegible] run the national lottery. Williams, 55, [illegible] director of the [illegible] lottery [illegible]. Ladbroke [illegible] a partner [illegible] MAI in [illegible] for [illegible] consortium.

To [illegible] *any* [illegible] *Williams* will only [illegible] up his position [illegible] February 14. [illegible] submitted. [illegible] his appointment and [illegible] the lottery licence, Williams will not [illegible] present [illegible] board [illegible] or [illegible] relating [illegible] Ladbroke's bid.

As well as being a director of Cadbury Schweppes, Williams is managing director of the Coca Cola and Schweppes Bev-[illegible] joint [illegible]. He joined Cadbury Schweppes in [illegible] as personnel director [illegible] Schwep-[illegible] Beverages. In 1980, he [illegible] responsible [illegible] manufacturing and was [illegible] managing director in 1984.

Collum, 53, spent 17 years in [illegible] brewing industry before joining Cadbury Schweppes, where he was finance director. He became finance director of *Beecham in 1987 and co-ordi-*nated and implemented the merger with SmithKline [illegible].

other non-executive appointments:

- Robin Gourlay, chief [illegible] and md [illegible] Nutrition, as deputy chairman [illegible] ANGLIAN WATER [illegible] succeed Francis Cator.
- Martin Hill, former md of [illegible] Ship [illegible] Co, at PEEL HOLDINGS.
- Paul Judge has resigned from the BODDINGTON [illegible].
- Bill Andrews, chief executive [illegible] Powell Duffryn, at BROWN & TAWSE GROUP.
- Clemens Boersig, associate [illegible] of Robert Bosch, [illegible] FOREIGN & COLONIAL GERMAN INVESTMENT TRUST.

BZW's new managing director

[illegible] Management (BZWAM), principally known for its index fund management expertise, is hoping to promote another side of its investment activities, through the promotion of 37-year-old Jane Platt, right.

In charge of business development for the the [illegible] 1988, [illegible] moves into the new position of managing director responsible for equity investment management, *looking after and devel*oping funds currently amounting to around £16bn.

BZWAM chief executive Donald Brydon says it has been "very frustrating" that his group's reputation has [illegible] *exclusively* [illegible] to index fund management when [illegible] of a total [illegible] are managed in an [illegible] style.

"We [illegible] (active equity management) [illegible] separate business, it [illegible] hitherto just been a function," [illegible] Brydon. The other [illegible] business [illegible] income, headed by Celia Cull; quantitative management, with James Woodlock in charge; and property, run by Iain Reid.

Brydon [illegible] that [illegible] funds under management [illegible] BZWAM have grown to £42bn from £6bn. He specifically cred-[illegible] with helping to achieve that rate of expansion, as well as highlighting her con*tribution to the group's invest*ment business in France and Spain.

[illegible] moved [illegible] BZW [illegible] Mercury Asset Management. Earlier in [illegible] had previously [illegible] for Phillips [illegible] Fund Management.

Oftel old hand set to retire

Bill Wigglesworth, deputy director general of Oftel, the telecommunications regulator, is taking early retirement from the end of March.

Wigglesworth, 56, a popular figure in the industry, is the last survivor at the top of Oftel from [illegible] launch in [illegible] joined the fledgling watchdog, the first of the utility regulators and the model for the rest, from the Department of Trade and Industry.

When Sir Bryan Carsberg, the first director general, departed in mid-1992, Wigglesworth took the helm for nearly a year before the arrival of Don Cruickshank, the present regulator.

Wigglesworth *is likely* to be [illegible] by civil [illegible] though his job will not be advertised publicly in the first *instance: Cruickshank, himself* recruited from the private sector, is keen [illegible] deputy [illegible] with Whitehall.

Oftel [illegible] appointed two new directors. Christine Farnish, Cambridge council's assistant chief executive, [illegible] to be [illegible] consumer [illegible].

A graduate [illegible] University [illegible] University Col-[illegible] London, Farnish [illegible] her career as Senior [illegible] Officer at [illegible] Countryside Commission.

Sarah Chambers moves from the DTI to become director of licensing. An Oxford graduate, she joined the DTI in 1979. For [illegible] last 18 months she has been part of the [illegible] reviewing [illegible] structure and ownership of the Post Office.

Cruickshank said the new appointments would help Oftel "cope with the increasing number of new operators and focus on getting customers what they want."

Turner heads APCIMS

The Association [illegible] & [illegible] (APCIMS) has brought in as its [illegible] Geoffrey Turner, [illegible].

Until the new appointment, Turner has [illegible] of public [illegible] the [illegible] and Futures Authority, [illegible] self-regulatory organisation [illegible] *professional* [illegible] ceeds Michael Baker, who has

been [illegible] the [illegible] three [illegible].

Turner, above, [illegible] been at [illegible] and its forerunner – The [illegible] Association – since 1988. Prior to that [illegible] had spent [illegible] years [illegible] the Stock Exchange and was latterly [illegible] there [illegible] variety of [illegible] leading up to Big Bang. [illegible] *head* [illegible] membership there, he devised new rules to encompass [illegible] new international firms.

[illegible] the trade [illegible] promoting the interests [illegible] private client stockbrokers [illegible] investment [illegible].

Taube shifts investment gear

Lord Rothschild's investment guru Nils Taube, who *turned* 65 last year, is relinquishing his [illegible] directorship of investment company [illegible] James's Place Capital. [illegible] despite that, he is adamant that he will be devoting no less time to his role as principal investment adviser [illegible] the J Rothschild group.

"I was getting in at 7.15 am; maybe I will now get in at 7.20," quips Taube, who explains that the main point is that he is changing his "contractual relationship" with the company, moving to receiving *fees rather being a salaried* employee. For those still in doubt, he emphasises: "I can assure you I am not retiring."

Taube adds that a team of just three, including himself, are now managing marketable assets of around £1bn. He had resented spending "more and more time on administrative matters that had nothing to do with investment".

He is retaining other *outside* posts, including his non-executive directorship [illegible] George Soros's Quantum Fund.

FINANCIAL TIMES SURVEY

INTERNATIONAL LEGAL SERVICES

Tuesday January 25 1994

Large law firms in New York and London now earn as much as 40 per cent of revenue from work with an international element. But expansion overseas is expensive. Will [redacted] handful of powerful law firms dominate global practice? **Robert Rice** reports

Birth of a business

If the large Anglo-American [redacted] firms which [redacted] the international legal services market [redacted] practice [redacted] law changed [redacted] a profession [redacted] a business during the boom [redacted] the [redacted] on [redacted] *of* [redacted] *Atlantic* [redacted] in [redacted] doubt.

[redacted] spending [redacted] legal [redacted] in [redacted] the [redacted] moved inexorably through [redacted] $100bn [redacted] year mark in [redacted] welter of [redacted] acquisitions [redacted] property deals, lawyers [redacted] they [redacted] in clover. [redacted] long hours, but fees [redacted] and so [redacted] profits. The earnings [redacted] senior partners scorched past [redacted] of their counterparts [redacted] finance and industry. Legends [redacted] born: Martin Lipton, senior partner of [redacted] York's [redacted] *Lip*ton Rosen [redacted] Katz, inventor of the "poison pill" defence; Joseph Flom, senior partner of [redacted] Arps Slate Meagher & Flom, king of M&A. If this [redacted] business, then business [redacted] easy.

The recession changed [redacted] – probably for good. For the [redacted] time, lawyers were exposed [redacted] chill winds [redacted] competition as [redacted] for the dwindling supply [redacted] value [redacted] to drive the [redacted]

Clients who [redacted] like limpets became [redacted] when *legal* [redacted] *no longer* in [redacted] supply. Forced to cut costs [redacted] to cope with the [redacted] downturn, clients haggled over fees. If they didn't [redacted] they [redacted] went elsewhere. [redacted] stalled; law firms [redacted] to cut staff. There was [redacted] more talk of huge Anglo-American law firms dominating the [redacted] national legal services market. The law business pulled in its horns.

The recession [redacted] another lesson for lawyers – they are [redacted] just coming to [redacted] with it [redacted] *recovery sets in.* [redacted] legal [redacted] marketplace in both Europe and the [redacted] oversupplied; [redacted] many lawyers [redacted] chasing too little work.

[redacted] by Mr Flom that [redacted] in corporate deals [redacted] be just around [redacted] corner, and the optimism expressed by [redacted] Harman of Travers Smith Braithwaite, the City [redacted] London [redacted] – which [redacted] mirrored by [redacted] – [redacted] lawyers in Europe can [redacted] forward to an increase in cross-border [redacted] begins [redacted] adapt to [redacted] single [redacted] – lawyers recognise that if they are [redacted] grow [redacted] businesses in the 1990s, they [redacted] markets.

For most [redacted] they [redacted] look overseas [redacted] the emerging [redacted] of south [redacted] Europe. The problem which they all face, however, [redacted] to service these markets [redacted] a [redacted] of the cake.

After [redacted] years, [redacted] firms simply do not have [redacted] staff [redacted] overseas [redacted] But [redacted] the dozen or [redacted] the [redacted] do, only [redacted] handful see [redacted] future in establishing international practices along [redacted] Big [redacted] accountancy firms.

At [redacted] moment only Baker & [redacted] (1,640 lawyers, *speaking* [redacted] *languages,* [redacted] in [redacted] in [redacted] countries) can stake a claim to be [redacted] truly global legal practice. But others [redacted] secret of [redacted] ambitions [redacted] direction.

By the year 2000, they believe that global legal services will [redacted] dominated by fewer [redacted] and [redacted] firms. It [redacted] not hard [redacted] identify most of the candidates.

From [redacted] UK: Clifford Chance, Freshfields and possibly Allen & Overy if it eventually merges with [redacted] Gide Loyrette [redacted]

[redacted] *the* [redacted] *B&M, Skadden* Arps, [redacted] Day [redacted] & Pogue, White & Case, Shearman & Sterling, Cleary Gottlieb [redacted] & Hamilton and [redacted]

[redacted] Buck, [redacted] Skadden's London office, [redacted] firms is unstoppable. [redacted] community is getting smaller and volume of cross border work is growing [redacted] The legal profession must adapt accordingly; firms which do not [redacted] so will be left behind.

[redacted] current strategy [redacted] *practise* [redacted] law in those jurisdictions where [redacted] firm can [redacted] value [redacted] clients [redacted] the [redacted] time. [redacted] there [redacted] restraints [redacted] the speed [redacted] which global expansion can [redacted] achieved – particularly, he [redacted] in ensuring the quality of [redacted] *service provided.*

Inconsistent quality [redacted] is an accusation [redacted] levelled at [redacted] the years by competitors deriding [redacted] unusual structure of knitting [redacted] lawyers in different [redacted] countries into [redacted] inter[redacted] network. John [redacted], B&M's chairman, accepts [redacted] *quality is* [redacted] *important* and that [redacted] in Bogota could damage relationships in more important [redacted] as Europe [redacted] the US.

"We're only as strong as our [redacted] link", [redacted] concedes. But [redacted] quality issue [redacted] over-emphasised. Imposing the [redacted] in which [redacted] is done in one location or another is wrong because [redacted] to recognise [redacted] there [redacted] degrees [redacted] sophistication in [redacted] various legal systems [redacted] the world, [redacted] *lawyers' qualifications* [redacted] be up [redacted] the standards of the US and Europe, and [redacted] differ[redacted] issues are relevant in ensuring [redacted] the right service.

"Some [redacted] banking lawyers [redacted] they [redacted] in [redacted] is to produce the same pile of closing documents they would in New York. They're wrong," he [redacted]

UK [redacted] with similar global ambitions believe that [redacted] welcome [redacted] ability [redacted] to use their own lawyers in foreign jurisdictions.

"They like it, provided they are [redacted] to [redacted] a service just [redacted] good [redacted] a good local firm plus all [redacted] benefits of using an integrated firm with know[redacted] their [redacted] with whom they have good relations at HQ," says John Grieves, [redacted] partner of Freshfields.

But Mr [redacted] and others accept that there may be more than one [redacted] of dominating global legal services in future. Firms such as Linklaters & Paines and Slaughter [redacted] and May in London, and *Sullivan & Cromwell,* [redacted] Polk & Wardwell and Cravath Swaine & Moore in New York believe [redacted] is unnecessary to have [redacted] world-wide in order [redacted] dominate the marketplace.

They point [redacted] that firms with the biggest number of overseas [redacted] may [redacted] be [redacted] most profitable. Baker & McKenzie has the highest [redacted] revenues of any firm [redacted] the world, but is only ranked 40th in [redacted] US when measured by profits per partner. Opening foreign offices to practise local law is [redacted] ruled out by firms such as Linklaters. But [redacted] general, the "best service" to the client can be delivered by maintaining strong relations with the best local law firms and referring work or working with them on individual deals.

Emerging markets [redacted] best tackled by following the investment banks. James Wyness, senior partner of Linklaters, says: "There [redacted] way [redacted] going [redacted] set up in China and practise local law, but [redacted] would follow the investment banks [redacted] Shanghai to do Shanghai listings [redacted] international privatisations. The same [redacted] of eastern Europe."

[redacted] he accepts that such a strategy [redacted] only viable for the handful of firms in the "magic circle" used by the investment banks. For those outside it, the problem of how [redacted] deliver international legal services remains.

"My advice to [redacted] would be [redacted] check what their clients want [redacted] follow demand, but *even then only take on the* [redacted] you've [redacted] right people," he [redacted]

There [redacted] a third approach [redacted] delivery [redacted] international legal services: the [redacted] of law firm affiliations such [redacted] Minneapolis-based Commercial Law Affiliates, [redacted] non-profit making organisation with member firms in [redacted] around the world. They see it as the best means of servicing the international requirements of their clients. Such associations, which monitor the standards of their members, [redacted] to provide the only practicable solution to the provision of international legal services for most medium-sized commercial law firms.

As firms jockey for position in the international legal services market, there is one possibility which few of them [redacted] contemplate but which could upset even the best laid plans: a merger between a large US and large UK firm.

The heads of the top firms on both sides of the Atlantic are adamant that this will not happen – the cultures and remuneration of US and UK firms [redacted] far apart.

But there are firms whose cultures, working practices and remuneration structures are similar – for example Davis Polk [redacted] Wardwell of New York and Freshfields of London. A merger such as that would [redacted] "dynamite," says Mr Buck.

There is also another possibility [redacted] consider: a merger between [redacted] of the Big Six *accountancy firms,* a big law firm and possibly even an investment bank. Arthur Andersen and KPMG have already signalled their intentions [redacted] in on legal services and must be considering how [redacted] to capitalise [redacted] their international networks.

[redacted] such a huge multi-national multi-disciplinary partnership [redacted] emerge, all bets would be [redacted] as to who will dominate global legal services by the year [redacted]

US top 10 law firms ranked by gross revenue 1993

[redacted]	Firm	Gross revenue $m	Profits per partner $'000	Number of lawyers
1	[redacted] & [redacted]	503.5	415	1,604
2	Skadden, Arps, Slate, Meagher & Flom	440	885	906
[redacted]	Jones, Day, [redacted] Pogue	394.5	310	1,170
4	[redacted] Dunn & [redacted]	291	[redacted]	612
5	Weil, [redacted] Manges	287.5	725	605
6	[redacted] & Sterling	270	680	548
7	Sullivan [redacted] Cromwell	270	1,080	361
[redacted]	[redacted] & Wardwell	267	1,020	430
[redacted]	Cleary, Gottlieb, [redacted] & Hamilton	255	860	402
10	Sidley & Austin	244	410	646

Source: [illegible]

UK's top 10 law firms ranked by gross revenue 1993

Rank	Firm	Gross revenue £m	Profits per partner £'000	Total no. lawyers
1	[redacted] Chance	210	256	1205
2	[redacted] & [redacted]	154	322	779
3	Freshfields	124	302	625
4	[redacted] Overy	117	377	590
5	Lovell White Durrant	115	260	642
6	Slaughter [redacted] May	112	333	600
7	Herbert Smith	77.8	249	472
8	Simmons [redacted]	72	222	450
9	[redacted] Rose	69	218	468
10	Denton Hall Burgin [redacted] Warrens	62	185	431

Source: [illegible]

Following [redacted] frenetic rush, lawyers [redacted] consolidating in eastern Europe, writes **Andrew Jack**

Firms recognise a need to build up locally

[redacted] flight *from London* [redacted] *Prague on a Sun*day evening, [redacted] you are [redacted] in little doubt [redacted] the lawyers [redacted] cashing in [redacted] one [redacted] Europe's more lucrative [redacted] and bulky legal [redacted] everywhere.

[redacted] pace [redacted] start [redacted] the [redacted] ing [redacted] collapse [redacted] Berlin wall in [redacted] mood has recently begun to change – [redacted] planes [redacted] empty.

All across [redacted] and [redacted]tral Europe, lawyers and other financial advisers have been taking advantage of the restructuring [redacted] former Communist economies. [redacted] they are entering a different, more [redacted] stage [redacted] consolidation.

[redacted] paper, there [redacted] more than [redacted] international [redacted] firms [redacted] in [redacted] Czech Republic alone. Similar num[redacted] crop [redacted] in [redacted] Republic, in Poland, Hungary, Ukraine and [redacted]

But Mr Milan Ganik, partner in charge [redacted] the Prague [redacted] of Squires, [redacted] Demp[redacted], an Ohio, US-based firm, [redacted] on [redacted] *calls* "the corridor test": inspecting [redacted] firms' [redacted] to [redacted] they [redacted] a physical presence.

Many firms rely on "fly-ins" from Western European [redacted] and just a nominal place on [redacted] Squires, by con*trast,* [redacted] *one* [redacted] larger international firms with [redacted] local presence, with [redacted] than 50 [redacted] including lawyers and a large number [redacted] professional support staff such as interpreters and legal assistants.

Like a number of the [redacted] pioneering Western firms that moved [redacted] Squires found that most early business from the government. Lawyers signed agreements [redacted] act as privatisation advisers, even [redacted] the extent of temporarily debarring them from working for potential purchasers.

That made sound commercial sense at [redacted] time. The public sector was where [redacted] *activity was taking place,* [redacted] had the money [redacted] pay bills from [redacted] proceeds of sales, and it [redacted] the chance to make powerful [redacted] for the future.

Some firms [redacted] tage [redacted] what one executive derisively calls "breakfast directors" hired [redacted] influence and potential marketing power than any professional [redacted] skills. Latterly, that [redacted] has proved double-edged, as some former civil [redacted] and politicians [redacted] out [redacted] favour, or [redacted] increasingly tarred by the legacy [redacted] past.

[redacted] most firms [redacted] central and eastern Europe seriously recognise [redacted] need [redacted] build up [redacted] local [redacted] They are now beginning to see [redacted] fruits of their early attempts [redacted] recruit [redacted] junior [redacted] – with a post-graduate legal qualification obtained [redacted]

This [redacted] creating new [redacted] some [redacted] the [redacted] highly-qualified are poached at substantial salaries by direct competitors [redacted] by companies. Even if they stay, it *can cause* [redacted] *more* senior [redacted] suddenly [redacted]ing their juniors receiving expatriate-style remuneration.

Mr [redacted] argues that [redacted] will always [redacted] a need for external skills. [redacted] clients very often still [redacted] "cultural comfort" by using a [redacted] that has some Western-trained lawyers, he [redacted]

A more disturbing trend of [redacted] for international firms in [redacted] region [redacted] against [redacted] from foreign consultants. In the [redacted] republic it has [redacted] fuelled by [redacted] collapse of some [redacted] prominent corporate deals. Critical comments were directed at White [redacted] Case, another of [redacted] firms with a large Prague presence, which acted [redacted] Volkswagen-[redacted] joint venture which ran into difficulties.

It [redacted] been reinforced by hostile remarks [redacted] by Mr *Vaclav Klaus, the out-spoken* prime minister, [redacted] has criticised foreign advisers. His [redacted] may be [redacted] but they [redacted] wider [redacted] for a distinctive, nationally-inspired approach [redacted] economic and [redacted] reform.

These [redacted] are [redacted] by Mr [redacted] *of* [redacted] *Alliance* [redacted] European Lawyers, a group of independent firms [redacted] the continent which [redacted] supported [redacted] *establishment of* [redacted] member firm [redacted] Prague.

"Foreign firms [redacted] the [redacted] and [redacted] our legal practice," [redacted] says. "They [redacted] *charge,* [redacted] *draft* [redacted] *impose* contracts and legal concepts that do not work here."

He [redacted] still a "missionary spirit" in the attitude of many new lawyers coming to [redacted] from other parts [redacted] world, and that [redacted] enthusiasm has created [redacted] *overhang of supply* [redacted] demand.

Flicking through a five-inch-thick [redacted] of job applica[redacted] from [redacted] lawyers, he [redacted] "We [redacted] more Czech lawyers. The future here depends on them."

[redacted] is [redacted] he [redacted] blindly in support of every*thing local. He says* [redacted] poli[redacted] in the country [redacted] "second tier", and [redacted] much legislation passed since [redacted] hasty and is riddled with loopholes.

Equally, [redacted] says [redacted] judges [redacted] more [redacted] with [redacted] laws than the lawyers, and *that they are applied differ*ently in courts around the country.

Looking forward, many lawyers in [redacted] region argue that [redacted] the [redacted] there will [redacted] period [redacted] legal [redacted]solidation, as well [redacted] tion [redacted] laws on [redacted] Daniel Arbess, managing partner [redacted] *Prague for White & Case,* expects [redacted] firm to gather [redacted] business now from corporate finance [redacted] capital mar[redacted] work.

"The first stage was reshuffling [redacted] ownership [redacted] (of companies)," he says. "The [redacted] stage [redacted] re-dealing the [redacted] make them more profitable." He also sees a shake-out of foreign law firms [redacted] inevitable. "This is one of the [redacted] competitive legal markets in the world," he [redacted] "And firms [redacted] likely to [redacted] diminishing business as [redacted] firms grow."

Diana Bentley looks at cross-border corporate joint ventures

Marriages of convenience

Like marriages [redacted] convenience, joint [redacted] owe more to the parties' perception of the relationships' worldly [redacted] than to more altruistic motives.

But while joint ventures are [redacted] increasing importance in the European Union for sound business reasons, they also involve [redacted] difficult balancing [redacted] for regulators – especially for the EU, as it seeks to reconcile its [redacted] achieve the single market with its desire [redacted] maintain [redacted] EU competition.

Despite the recession, [redacted] number [redacted] 1991-1992 joint [redacted] declined [redacted] slowly than takeovers and mergers in the EU. They [redacted] pre-dominantly cross-border char[redacted]

Community and international operations [redacted] for 72 per [redacted] of [redacted] joint [redacted] in [redacted] French [redacted] predominated in joint [redacted] activity, followed by Germany and then UK companies – but they are [redacted] popular method by which Japanese [redacted] US firms [redacted] their growth in Europe.

Overall, the national, EU [redacted] international joint ventures [redacted] 12 industry [redacted] doubled in [redacted] five [redacted] to [redacted] in [redacted] chemical, elec[redacted] and automotive indus[redacted] most pronounced.

Political [redacted] stimulated international trading. "The advent of [redacted] EU single [redacted] opening up of [redacted] former [redacted] Union, [redacted] Europe [redacted] investors, have [redacted]tributed to the recent increase in cross-border joint ventures," [redacted] Jim [redacted] of [redacted] Chance, [redacted] London law firm.

But, given heightened trading opportunities, [redacted] making joint [redacted] alluring? "A common [redacted] for [redacted]ing in joint [redacted] new markets," [redacted] Wheaton [redacted], "and [redacted] trend [redacted] rapidly increasing."

Local knowledge, facilities, labour and customers can be provided through local [redacted] partners. "Making a product in your own [redacted] and sending it out [redacted] the [redacted] is [redacted]ingly under challenge," [redacted] Woods-Scawen, corporate finance partner of Coopers & Lybrand, accountants. "Companies [redacted] to understand markets from the inside, and joint ventures [redacted] permit greater control than employing local agents and distributors."

Accelerated technological change has often forced huge investment in research and development. Organisational size [redacted] critical in corporate competitiveness, and so has [redacted] rationalisation [redacted] restructuring. Fears of protectionism also prompt local alliances. Now, [redacted] the big[redacted] companies [redacted] time and talent for solo [redacted]. Joint [redacted] also [redacted] risk.

"Administratively, joint ventures [redacted] more complicated, but constraints [redacted] time, money, manpower [redacted] knowledge [redacted] all factors in considering joint ventures," says Wolfgang Schneider, assistant general counsel [redacted] Ford Europe. Ford's alliances cover [redacted] spectrum of different aspects of [redacted] busi[redacted] production [redacted] components [redacted] the manufacture of [redacted] whole vehicle.

"Joint [redacted] usually prompted by [redacted] factors, but the percentage [redacted] each factor varies with each case," [redacted] Mr Woods-Scawen, "and understanding [redacted] choice [redacted] partner [redacted] important than [redacted] precise structure."

Despite [redacted] popularity of joint ventures, [redacted] EU there are [redacted] regulatory hurdles involving competition law. The EU's competition policy [redacted] central to [redacted] aims, but [redacted] EU is keen to [redacted] efficiency gains in EU industry. [redacted] past four years have seen [redacted] improvement in regulatory [redacted] in [redacted].

Despite [redacted] level [redacted] merger activity, it [redacted] only [redacted] the [redacted] Regulation of 1989 [redacted] specific EU [redacted] control appeared. Mergers exceeding threshold amounts of corporate [redacted] are subject to compulsory prenotification, but notifications must be dealt with rapidly and under the "one-stop shop" principle.

Qualifying mergers are [redacted]sidered [redacted] EU level and do not usually involve national authorities. The European Commission must decide within a month if the transaction [redacted] acceptable. If it gives rise to serious [redacted] about its competitive effect, it will be subject to a a detailed investigation [redacted] up [redacted] four months. The record of approvals, however, [redacted] good. About 90 per cent of [redacted] approved [redacted] the first stage, after which they may [redacted] approved subject [redacted] conditions.

Sector	1986	1987	1988	[redacted]	[redacted]
Electrical	[redacted]	21	20	29	23
Chemical	23	14	24	[redacted]	37
Vehicles	[redacted]	4	6	7	[redacted]
[redacted]	[redacted]	90	111	129	156

[redacted] Industrial joint ventures (national/EU/inter'ntl)

Source: [redacted]

Aligned [redacted] merger policy, [redacted] closely affected by it, is EU policy [redacted] joint ventures. EU competition law, however, differentiates [redacted] concentrative and co-operative joint [redacted]tures. If the venture is concentrative [redacted] threshold provisions of [redacted] Merger Regulation are met, the venture must be notified under the Merger Regulation – and attracts [redacted] one-stop treatment.

Co-operative joint ventures [redacted] Outside the [redacted] Merger Regulation they [redacted] assessed under the Rome Treaty rules on anti-competitive agreements and abuse [redacted] monopoly power. The EU's jurisdiction is [redacted] exclusive, and transactions may be [redacted] as [redacted] by relevant national authorities – [redacted] time-consuming process with uncertain results.

"There [redacted] crucial difference of [redacted] of the two forms of joint venture," [redacted] Reynolds of Allen [redacted] Overy's [redacted] office, "and it [redacted] complicated by the [redacted] joint [redacted] take [redacted] forms."

Jointly [redacted] companies are [redacted] most popular. But partners may only put part of their busi[redacted] into a new entity, [redacted]tributions may [redacted] of a different nature, and many also take place between traditional rivals.

A venture [redacted] centrative if it performs, on a lasting basis, all the functions of [redacted] autonomous economic entity. It is considered co-operative in nature if it does not constitute such an entity – [redacted] if, although it does [redacted] such an entity, it gives rise to co-ordination of competitive behaviour by the parents in relation [redacted] each other [redacted] in relation [redacted] the joint venture.

Jim Wheaton says: "Leave parents with [redacted] involvement in the market, [redacted] downstream [redacted] upstream, [redacted] there [redacted] a risk that there will [redacted] some restraint [redacted] competition between parents or that there will be [redacted] impact on third parties."

It was [redacted] level of joint [redacted]ture activity which [redacted] authorities [redacted] their procedures. "The [redacted] the EU Merger Regulation highlighted [redacted] failure [redacted] the [redacted]mission [redacted] up a satisfactory mechanism [redacted] appraise co-operative joint ventures, Mr Wheaton adds.

Now the EC [redacted] improved [redacted] treatment [redacted] these alliances; from January [redacted] the commission [redacted] been obliged to indi[redacted] – within [redacted] months [redacted] co-operative venture notification – whether it believes [redacted] venture [redacted] compatible with EU competition laws or gives rise [redacted] serious doubts, [redacted] requires further examination.

The EC's decision, however, [redacted] not binding as [redacted] relation [redacted] mergers. Nonetheless, [redacted] national level, [redacted] progress [redacted] being made. Clearance [redacted] needed under the competition laws of individual member states for co-operative joint ventures. Because member states laws differ, applications need [redacted] be tailored [redacted] their individual requirements. National rules on when [redacted] laws apply also vary: in some, [redacted] is [redacted] to have [redacted] party with an [redacted] in the state but in others sales only are required.

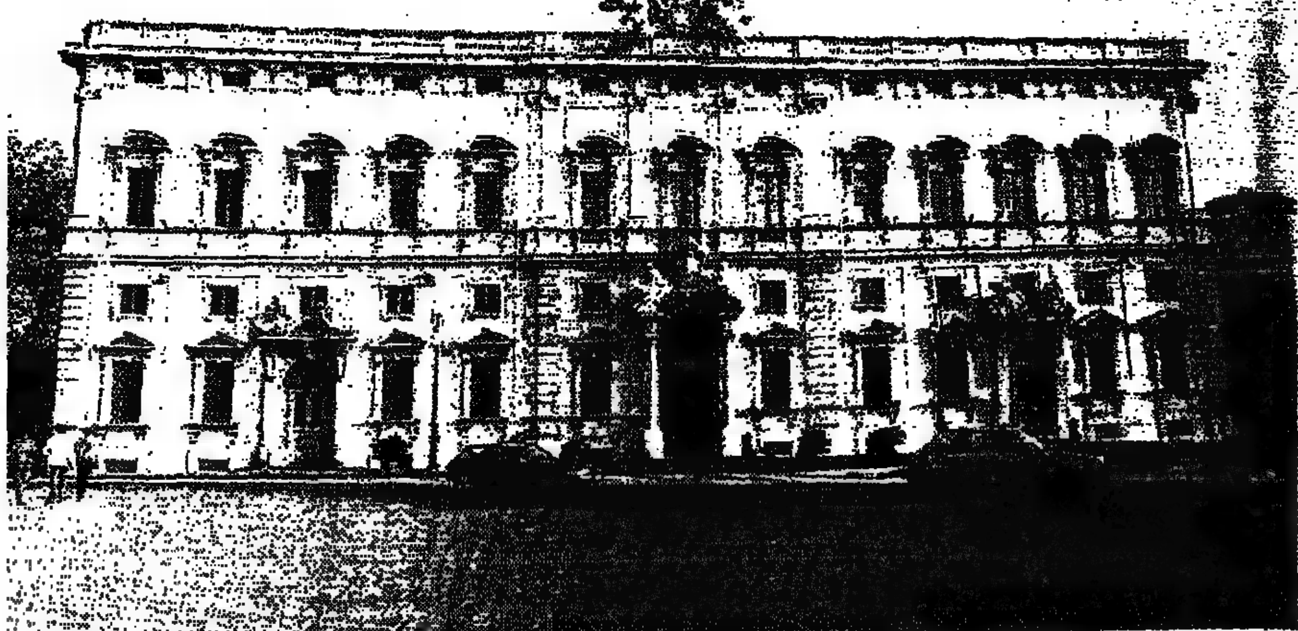
National authorities, experts say, can [redacted] tougher than [redacted] EC, as they are looking [redacted] their own national markets rather [redacted] at [redacted] EU [redacted] international picture. The necessity for [redacted] appraisal, [redacted] Reynolds says, "is [redacted] tortuous, fairly unpredictable route. One national authority alone can hold you up." Led by [redacted] OECD, there is [redacted] talk of the need [redacted] harmonise national rules, but [redacted] apparent.

However, [redacted] have not had competition [redacted] until recently, such [redacted] Italy and Spain, have modelled [redacted] EU laws. [redacted] Germany and [redacted] UK have long [redacted] quite distinct competition laws. Attempts [redacted] them [redacted] difficult.

While the distinction [redacted] co-operative and concentrative joint ventures is [redacted] in regulatory treatment remain significant. But experts claim [redacted] for structuring [redacted] that they [redacted] within [redacted] provisions – [redacted] the earlier the advice [redacted] sought, the [redacted]. The setting up of a jointly owned [redacted] with its [redacted] sales force, making [redacted] entity [redacted] that the parents [redacted] permanently from [redacted] market, [redacted] akin to [redacted] – and unlikely [redacted] parents.

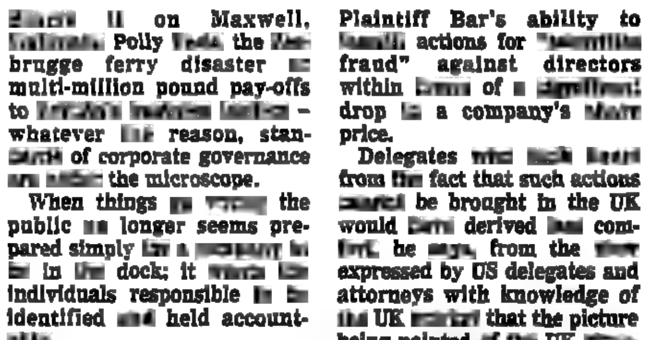
A third party can [redacted] ensure that the [redacted] merger [redacted]. "[redacted] willing to alter the commercial structure to some extent to get different regulatory treatment," says Mr Reynolds.

Still, companies understand [redacted] remaining [redacted] present regimes. "The EU authorities have made an appreciable [redacted] involving self-imposed disciplines, [redacted] improve [redacted] of mergers and joint ventures," says Wolfgang Schneider of Ford. [redacted] he [redacted] even [redacted] framework could [redacted] sought.



Court of appeal, Rome: states which have not had competition laws until recently, such as Italy, have modelled their laws on EU laws Trevor Humphries

Reasons for purchasing D&O (directors and officers) cover



The most popular reason why a company should purchase D&O insurance is that they are aware that the directors are at risk and realise the consequences of a potential claim. The increased awareness [redacted] probably have been enhanced due to several publicised cases concerning directors and officers.

Source: The Wyatt Company, UK D&O Liability Survey, 1991

Industry and purchase

Industry	Number of respondents	Percentage with D&O cover
Banking	3	33
Insurance	9	56
Other financial	5	40
Industrial holding	13	62
Oils/chem/pharm	7	43
Consumer goods/foods	6	33
Electrical	4	0
Engineering	16	37
Property	4	50
Other manufacturing	15	33
Service	8	63
Retail	4	0
Other	14	29

Source: The Wyatt Company UK D&O Liability Survey 1991

The public wants stricter corporate accountability, writes **Robert Rice**

Risks for directors grow

[redacted] on Maxwell, [redacted] Polly [redacted] the [redacted]brugge ferry disaster [redacted] multi-million pound pay-offs to [redacted] – whatever [redacted] reason, stan[redacted] of corporate governance [redacted] the microscope.

When things [redacted] the public [redacted] longer seems prepared simply [redacted] in [redacted] dock; it [redacted] individuals responsible [redacted] identified [redacted] held account[redacted].

[redacted] is not just executive direc[redacted] in the firing line, [redacted] managers [redacted] in positions [redacted] authority in [redacted] company [redacted] find themselves held [redacted]. Non-executive [redacted] are no [redacted] vulnerable than their executive colleagues. And [redacted] directors – individuals on [redacted] a company [redacted] – can [redacted] find themselves [redacted].

[redacted] used to the [redacted] will [redacted] board [redacted] company [redacted] mismanagement [redacted] unexpected trading loss. They know, [redacted] they [redacted] be [redacted] during takeovers, either by shareholders unhappy with the new board, or by the incoming board alleging misrepresentation against [redacted] outgoing [redacted].

[redacted] recent legislative changes have [redacted] greatly [redacted] the potential liability [redacted] by directors and officers.

[redacted] Companies [redacted] 200 [redacted] with which a director or [redacted]cer [redacted] charged. [redacted] further [redacted] under health and safety, environmental, data protection and financial [redacted] legislation which can result in [redacted] fine, imprisonment or both.

The potential personal exposure [redacted] directors [redacted] increased markedly by the Insolvency Act and by the Company [redacted] Disqualification Act. And [redacted] more legislation [redacted] come – particularly [redacted] Europe – in the company, environmental and financial [redacted].

As [redacted] come [redacted] and the [redacted] world grows closer together, companies doing business [redacted] borders can find themselves facing unexpected liabilities in foreign jurisdictions. Investment in the US carries with it a substantial risk of litigation. Actions or the threat of actions against directors are [redacted] commonly [redacted] tactic in [redacted]over [redacted].

Martin Piers, partner of Gouldens, solicitors, says that UK lawyers and insurers at the [redacted] Professional Liabil[redacted] Underwriting Society [redacted] in Chicago were horrified by tales of the [redacted] Plaintiff Bar's ability to [redacted] actions for "[redacted] fraud" against directors within [redacted] of [redacted] drop [redacted] a company's [redacted] price.

Delegates [redacted] from [redacted] fact that such actions [redacted] be brought in the UK would [redacted] derived [redacted] comfort, he [redacted], from the [redacted] expressed by US delegates and attorneys with knowledge of [redacted] UK [redacted] that the picture being painted [redacted] UK [redacted]tion [redacted] rosy.

Had US delegates known about [redacted] 1992 English case in which [redacted] ruled that [redacted] or [redacted] be held personally liable for [redacted] claim by a former employee who has [redacted] an industrial injury during the course of his employment, their [redacted] been [redacted]ble. Employment practices claims are now the leading [redacted] of [redacted] against direc[redacted] and [redacted] in the US.

[redacted] of the solution [redacted] the growing number [redacted] potential liabilities [redacted] by directors is directors' and [redacted] liability insurance (D&O).

Mr Roger Flaxman, [redacted] director of Miller Professional Liabilities, says that [redacted] and 1991 the UK market premium for directors' and officers' liability insurance [redacted] from about £6m [redacted] £35m. [redacted] 1991 the annual premium income from [redacted] insurance has risen to almost £75m.

The initial reason for [redacted] jump in [redacted] UK [redacted] premium [redacted] the 1989 Companies Act.

This made clear, for the first time, that although a company cannot indemnify its directors, it can buy D&O cover for its [redacted] and officers and pay the premium without worrying [redacted] the legality or enforceability of the contract.

[redacted] also requires compa[redacted] to mention the purchase or [redacted] D&O [redacted] in its annual reports and accounts. The [redacted] of this, [redacted] Mr Flaxman, has [redacted] to heighten directors' appreciation [redacted] potential liabilities which [redacted] in an [redacted] increase in enquiries to the D&O insurance market.

The requirement to mention D&O cover in annual reports also has an unlooked-for effect: it tips off those contemplating legal action against [redacted] company or [redacted] directors of [redacted] potential "deep pocket" to [redacted], thereby encouraging claims.

[redacted] have certainly [redacted]. It is [redacted] that there [redacted] than 1,000 claims outstanding [redacted] UK [redacted]. The [redacted] the claims [redacted]

However, having encouraged the purchase [redacted] cover through the [redacted] act, the government now appears [redacted]

Sir Adrian Cadbury: code of corporate governance Picture: Ashley Ashwood

doing [redacted] discourage it, by allowing the Inland [redacted]nue [redacted] and officers, [redacted] buy it, on the premium, [redacted] on [redacted] proceeds [redacted] claim, as [redacted] benefit in kind.

Lawyers' current [redacted] to directors [redacted] pay tax on the premium, [redacted] than risk [redacted] on [redacted] actual benefit deemed [redacted] by successfully defending [redacted] claim [redacted] than £70,000.

[redacted] if what happens in [redacted] US today happens in [redacted] UK tomorrow – [redacted] is often the case – paying tax on the premium itself may soon [redacted] a considerable tax burden. In the [redacted] the average cost [redacted] cover per director is already somewhere between £17,000 and £20,000.

Mr Flaxman believes the UK Inland Revenue must be per[redacted] to drop this. He says that [redacted] cover provides no personal benefit whatever in an individual director's private capacity. The benefit [redacted] to a director in his corporate capacity, therefore [redacted] should not be subject [redacted]on as benefit in kind.

If [redacted] Revenue persists with this approach and, in particular, [redacted] non-executive directors [redacted] pay tax on [redacted] non-[redacted] directorship, there [redacted] a [redacted] danger that the competent and honest non-executive directors, on whom the government is counting [redacted] improve standards in the boardroom, may begin to decline appointments.

But insurance is not [redacted] whole solution [redacted] the problem, [redacted]. For example, it [redacted] cover liability for environmental pollution – [redacted] directors are increasingly concerned about.

Mr Nigel Graham [redacted], the former senior partner [redacted] Rowe [redacted] Maw, City solicitors, believes that the key [redacted] allaying public anxiety [redacted] boardroom behaviour, which has been fed by recent scandals, is the adoption of a general code of corporate governance going beyond the recommendations of the Cadbury Committee.

Mr Graham Maw has just written the first UK book on corporate governance. In it he sets out a suggested code of practice which, he [redacted] to be adopted and complied with [redacted] of all companies to which the City Takeover Code applies.

"A code should be mandatory," he [redacted]. "Companies can [redacted] their own, but it ought [redacted] no [redacted] stringent than ours."

His code, which covers [redacted] constitution [redacted] board, audit and remuneration committees, the functioning of the board and accountability, is tougher than Cadbury in that it [redacted] a number of mandatory requirements.

It stresses the role of non-ex[redacted] in improving standards, and [redacted] provides, among other things:

- that a minimum [redacted] one third [redacted] the [redacted] number of directors must be non-executives;
- the chairman should be a non-executive, but if for some reason he is not, the deputy chairman must be a non-executive;
- non-executives' remuneration must not [redacted] performance or project related;
- companies must have audit and remuneration committees, all the [redacted] of which must [redacted] non-executives.

"It won't rid the country of scandals such as the Maxwell scandal, but it [redacted] reduce the [redacted] them," Mr Graham Maw says.

He [redacted] believes that corporate governance is not an area which lends itself to statutory regulation. If things are to improve, he says, then standards of self-regulation will have to rise.

That means that bodies such as the Stock Exchange must [redacted] a tougher line on bad corporate behaviour. If these [redacted] are taken, then the UK may yet turn the corner [redacted] directors' liability.

Glimmer of confidence

Mark Nicholson on the hopes of Lebanon's prime minister to rebuild the 'Paris of the Orient'

Reminders of Leba[illegible] former glamour can still be glimpsed amid the shelled ruins [illegible] present-day Beirut. The gut[illegible] Hotel [illegible] Georges [illegible] today [illegible] guarded by [illegible] solitary, bored Syrian soldier [illegible] once it greeted [illegible] high-rolling [illegible] of Gulf Arabs, arms deal[illegible] [illegible] and journalists. But [illegible] the adjacent marina, [illegible] scions [illegible] Beirut's wealthy still [illegible] on [illegible] Sundays in [illegible] bravura display of tanned flesh, chic [illegible] and flashy cars.

Mr Rafik Hariri, [illegible] prime minister, is this week seeking, during [illegible] visit to London, to rekindle the image his country once had as the Paris of the Orient. At a meeting yesterday with Mr John Major, [illegible] British prime minister, he [illegible] one [illegible] his priorities: the [illegible] [illegible] government-backed export credit insurance for UK exporters to the country. As part of his ambitious plans to rebuild Lebanon as a regional [illegible] centre, Mr Hariri is [illegible] pressing [illegible] aid, [illegible]h so far [illegible] come in limited quantities from the [illegible] [illegible] the City, [illegible] will [illegible] [illegible] aging reticent businessmen [illegible] financial [illegible] to re-enter [illegible] [illegible] [illegible] believe will [illegible] the region's fastest-growing capital [illegible].

Above all, Mr Hariri will argue that, since becoming prime [illegible] in [illegible] [illegible], he [illegible] massively [illegible] Lebanon's confidence in itself. [illegible] – agreed [illegible] [illegible] non's belligerent [illegible] under [illegible] 1989 Taif pact, which strengthened [illegible] political [illegible] [illegible] [illegible] [illegible] [illegible] the Christians, [illegible] [illegible] by [illegible] [illegible] of [illegible] Syrian troops – [illegible] poised to [illegible] [illegible] economic growth and [illegible] political stability.

Lebanon's economic pros[illegible] [illegible] [illegible] most promising. Since Mr [illegible] arrived in Lebanon from Saudi Arabia, where [illegible] [illegible] busi[illegible] [illegible] him [illegible] billionaire, Lebanon's ravaged economy [illegible] begun to [illegible]. [illegible] growth [illegible] year [illegible] about 7 per [illegible] and [illegible] same [illegible] expected for [illegible]. A [illegible] balance [illegible] payments [illegible] in [illegible] [illegible] turned around, to an expected $1bn surplus for [illegible]. [illegible] Riad Salame, Lebanon's central [illegible] governor, says [illegible] of capital which [illegible] [illegible] country in [illegible] 17-year civil [illegible] has come [illegible] [illegible] [illegible].

But the [illegible] prized [illegible] [illegible] [illegible] the success this [illegible] of the [illegible] [illegible] [illegible] Solidere, [illegible] [illegible] Mr [illegible]iri [illegible] his [illegible] created [illegible]

Morris Carpenter

Rebuilding Beirut: workmen labour to restore the city's glamour

[illegible] the reconstruction [illegible] 1.6m [illegible] [illegible] [illegible] [illegible] [illegible]rut. The offering, [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] of [illegible] 25-year project [illegible] [illegible] a lei[illegible] and [illegible] [illegible] from [illegible] [illegible] [illegible] [illegible] Beirut, [illegible] [illegible] [illegible] [illegible] 42 [illegible] [illegible]. According to Mr [illegible] Chammas, [illegible] founding general secretary, [illegible] [illegible] 90 per [illegible] of [illegible] [illegible] subscriptions [illegible] from Lebanese nationals, mostly expatriates.

[illegible] [illegible] [illegible] pivotal project in [illegible] Hariri's rehabilitation plans. [illegible] Chammas [illegible] it will create up to 20,000 jobs [illegible] could [illegible] GDP by [illegible] [illegible] [illegible] per [illegible] [illegible] [illegible] next [illegible] years. [illegible] success raises the prospect of tapping [illegible] [illegible] [illegible] estimated $30bn-$40bn [illegible] Lebanese, living [illegible] the country or abroad, hold overseas. "It proves [illegible] will be no problem in raising [illegible] for future projects," [illegible] Mr Freddie [illegible], [illegible] to Banque Audi, [illegible] [illegible]anese [illegible] [illegible].

For [illegible] supporters, [illegible] epitomises [illegible] they call the "Hariri [illegible]" [illegible] [illegible] generated by the expertise [illegible] [illegible] [illegible] of [illegible] commercial [illegible]. [illegible] [illegible] [illegible] [illegible] precisely that [illegible] [illegible] [illegible] [illegible] Mr [illegible] to [illegible] [illegible] government [illegible] [illegible].

[illegible] [illegible] [illegible] [illegible] suspicious of [illegible] businessman's approach to govern[illegible], believing there [illegible] be potential conflicts of interest in a construction magnate overseeing [illegible] reconstruction. [illegible] distrustful [illegible] [illegible] [illegible] claim to have been dispos[illegible] by Solidere, which, [illegible] government backing, forced [illegible] exchange [illegible] $1.17bn worth of shares for the property rights of about [illegible] people owning property in [illegible] [illegible] of central Beirut due [illegible] development.

Hundreds [illegible] [illegible] people con[illegible] [illegible] legality, believ[illegible] they [illegible] [illegible] [illegible] for its [illegible]. "Not only did they take [illegible] land cheaply, they took it against [illegible] will," [illegible] Mr Omar Daouk, [illegible] litigant whose family has run shops in the area since the 1800s.

For many, Mr Hariri's wealth is both [illegible] blessing and a bane. It [illegible] [illegible] Mr Hariri [illegible] pump-prime Lebanon's [illegible] [illegible] [illegible] – he [illegible], [illegible] example, [illegible] 19 per cent [illegible] [illegible] [illegible] [illegible] on issue. It has also allowed him to establish teams of staff, some working apart [illegible] [illegible] structures, undertaking [illegible] [illegible] reconstruction tasks.

[illegible] critics [illegible] that his [illegible] [illegible] [illegible] him to [illegible] [illegible] they [illegible] [illegible] [illegible] [illegible] [illegible] of Lebanon's [illegible]ernment structure. "He has basically decided the public administration is hopeless, cannot be reformed, and has set up a parallel administration," says Mr Paul Salem, director of the Lebanese Centre for Policy Studies, an independent think-tank.

Nevertheless, even most critics accept Mr Hariri's dynamism and commercial skills offer Lebanon the best hope of recovery from a catastrophic civil war, costing 140,000 lives prompting 400,000 Lebanese to flee the country.

The danger is that Lebanon's redevelopment is seen to rest on Mr Hariri alone. For now, there is nothing to suggest Mr Hariri will go. Few see any domestic political challenge. The peace signed between the Christians and Moslems in 1989 remains in place. Moreover, Mr Hariri retains the confidence of the Syrian government, which continues to keep Lebanon firmly under its control and has deployed 35,000 troops on its soil since the late 1980s.

This "pax Syriana" will remain the most important factor of Lebanon's internal politics for some time. A Syrian-policed peace in Lebanon and the control of such anti-Israeli groups as Hezbollah are seen in Tel Aviv and Washington as important guarantees of suc[illegible] [illegible] broader Middle East peace talks. The longer-term political stability which would enable Mr Hariri to fulfil his plans for Lebanon will be influenced primarily, therefore, by what happens in the resumed Washington peace talks rather than anything which might happen at home.

In the meantime, Mr Hariri's chief role is to make a success of his rebuilding project at home, while inspiring renewed confidence in Lebanon abroad. If he succeeds, someone might usefully consider removing the Syrian soldier from the door of the Hotel St Georges and start reglazing its windows.

Joe Rogaly

Labour can't bank on it

If [illegible] accept popular mythology, [illegible] Con[illegible] [illegible] [illegible] [illegible] [illegible] of April [illegible] because they peddled [illegible] [illegible] promises. First, the depression [illegible] [illegible] [illegible] day [illegible] Mr John Major had returned [illegible] Downing [illegible]. Second, the [illegible] Tory [illegible]ment would cut taxes, year after year after year. This bait may have caught some gullible voters, but many deserted the opposition parties, or voted Conservative, [illegible] [illegible] [illegible] reason. They trusted Labour less than they disliked the government.

In spite of everything that has happened since that contest, history could repeat itself at the next election, which need not take place until April 1997. Never underestimate the ruthlessness of politicians in trouble. Those of us who watched Mr Christopher Patten, then chairman of the Conservative party, campaign with a disregard for civilised discourse that must have been foreign to his true nature will not easily forget the experience. His counterpart next time – perhaps Lord Archer, or a similar fairground barker – will not shrink from repeating Mr Patten's unlovely performance. To be sure, the weekend figures indicating that the taxes we will pay from April will exceed those imposed by the then Mr Denis Healey in 1978-79 diminish the force of Conservative protestations that their instincts are to keep taxation low. But everyone knows that Labour's natural inclination is to use taxes as a means of redistributing income, and to tax high.

That is why it is not sufficient for the [illegible] chancellor, Mr Gordon Brown, to say that the Tories lied about taxes in April 1992. Of course they did. They always do. They may think they are honest at the time, as Mr Major says he was in 1992, but the effect of putting taxes up after promising to keep them down is to lead people to wonder whether they have been taken for a ride.

If memory serves, the Conservatives not only lie, they deceive, bamboozle, hoodwink, mislead, double-cross, trick, [illegible], cozen, fiddle, [illegible], tell porky-pies and practise [illegible] [illegible] with [illegible] truth. [illegible] Anthony Eden bought the May 1955 election by knocking 6 old pence (2½p) in the pound off income tax and reducing the scope of purchase tax, the precursor of VAT. In October he took back in indirect imposts [illegible] [illegible] [illegible] given [illegible] in direct [illegible] relief [illegible] April.

If [illegible] [illegible] [illegible] [illegible] electoral falsehoods is not tax, it is the chimera of good times around the corner. In 1959 the then Mr Harold Macmillan paid Colman, Prentis & Varley – that season's Saatchi [illegible] Saatchi – to promote the Conservatives as the party of prosperity. They [illegible] W[illegible] [illegible] [illegible] the pre-election inflationary "go" was followed by a post-election deflationary "stop". Labour's then Mr Harold Wilson had the wit to use the same ploy in the [illegible] election, [illegible] [illegible] [illegible] [illegible] by an outpouring of spending promises and followed by [illegible] [illegible] of special employment tax. The voters never learn.

Nor, it seems, does Labour. Since 1979 it [illegible] to have [illegible] [illegible] from the politics of victory. If it [illegible] [illegible] achieve office in the last years of this century it must understand that the disinclination of southern and suburban voters to support the party of the old north is *cultural*. This phenomenon has yet to be addressed by the leader, Mr John Smith. Labour has made much progress, and got nowhere. It is no longer the purveyor of unilateral disarmament, nationalisation, open-ended subsidies to dying smokestack industries, long queues, shoddy service and loony left councils. The shadow home secretary, Mr Tony Blair, has rescued it from adherence to the closed shop and the public perception that it is soft on crime. After Black Wednesday, the Tories cannot accuse Labour of being the party of devaluation.

It is not enough for Mr Gordon Brown to say the Tories lied about taxes at the last election. Of course they did. They always do

Yet Mr Smith does not look like [illegible] winner. Four times rejected, his party remains unmodernised. The trade unions still finance it, and exert influence at all levels. At question time in the Commons Mr Smith may enjoy taunting the prime minister with the latest figures on taxation, but he has produced no evidence that he is thinking of ways to diminish the social spending that makes them necessary. Labour's Commission on Social Justice, set up for that purpose, may find it difficult to persuade Mr Smith to accept any radical recommendations. What is Labour's economic policy? We only know what it is not – that is, not very different from the Tories'. It aspires to full employment, but how will it achieve this? It eschews taxation "for its own sake", but what does that mean? Why, apart from seeking office, does Labour exist?

Such questions are most felicitously addressed by Mr Blair, whose mind stretches beyond Labour's redoubt in [illegible] public sector unions. He considers what touches ordinary voters. That is why he is one of the few British politicians worth taking seriously. He is not a "one more heave" merchant, and he is too young to be a brainwashed party hack. Mr Smith is hamstrung by the need to put party unity ahead of other considerations. He gives the impression that he is waiting for the electorate to come around to the fair-inded, centre-right way of thinking that was infused in him 20 or 30 years ago.

It is *possible* that the Labour leader's policy of doing very little and saying even less may pay off. It generates few hostages to fortune: all the Tories can say is that Labour has no policy. Nothing that Mr Major's government has done since April 1992 generates any confidence that it will find its feet during the coming year or so. Labour's best argument in 1996 (the most likely election year) will presumably be that 17 years is long enough for a Conservative administration, and that it is time to throw the incompetent [illegible] out. [illegible] present form, this should have a powerful appeal.

Mr Smith would be unwise to bank on it. An Eden-style tax cut in the November 1995 budget, accompanied by promises of more public spending and followed by a quick election in April 1996 would [illegible] dangerous for Labour. However hesitant the recovery, people may [illegible] feeling [illegible] off by then. Mr Smith might [illegible] caught high and dry. Complacency is not an attractive election manifesto. Resting on the unmasking of Tory deceptions of April 1992 will have little effect in April 1996. In short, Labour's present strategy of taking no risks is the highest risk of all.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

To appease is to lose in Bosnia

From Andrew R [illegible] [illegible].

Sir, May I congratulate you on "Troops out, [illegible] in" (January 21), your latest courageous editorial on the war in Bosnia-Herzegovina. Since the start of the war, European (and notably British) policy towards Bosnia has been based on the argument that only a negoti[illegible] settlement between the rival parties can put an end to the conflict, and that military intervention and/or an end to the arms embargo against the [illegible] government would merely increase the suffering. Your editorial points out clearly why this argument is flawed. It [illegible] flawed because in the absence of an effective military lever [illegible] is no incen[illegible] for [illegible] Serb and Croat nationalists to negotiate in good faith. European policy has been nothing more than a justification for appeasement: a strategy which time and again history has taught [illegible] not [illegible].

It is time for a fundamental rethink of western strategy. An equitable outcome can only be achieved if the arms embargo is lifted, [illegible] [illegible] the [illegible] government is given full diplomatic support. At least then it will have the chance to fight for the survival of its people on a reasonably level playing [illegible]. [illegible] tragedy [illegible] [illegible] [illegible] [illegible] governments [illegible] [illegible] [illegible] [illegible] bolder steps nearly [illegible] [illegible] [illegible] [illegible] they done [illegible], 200,000 [illegible] might [illegible] been averted.

Andrew R A Haskins,
4 Streatham Court,
[illegible] [illegible] Road,
London SW16 1DL

Right support

From Mr Hashit Raja.

[illegible] Having recently [illegible] my wife through a natural birth, it seems to me Nigel [illegible] ("No place for pregnant [illegible]", January 2[illegible]) [illegible] [illegible] own [illegible] about attending [illegible] child's [illegible] [illegible] [illegible] expounding [illegible] argument for general male absence at birth.

He says: "The natural state of affairs is for women to assist women." If he were to shoo [illegible] [illegible] "semi-official sisterhood" gathered around his wife, he will eventually [illegible] the [illegible] [illegible] natural [illegible] may require actual physical support; in which [illegible] [illegible] patient, [illegible] [illegible] with stamina can be [illegible] [illegible] bet than a multitude of gender sharers.

Hashit Raja,
2 Park St James,
St James Terrace,
London NW8 7LE

Free market only rhetoric in US

From Phillip Oppenheim MP.

Sir, Harry L Freeman falls into the trap of confusing the free-market rhetoric of US politicians with what they do in practice (Letters, January 21).

Mr Freeman is, for example, incorrect in saying that "the long-standing US policy of trying to pry open" markets aims to benefit all exporters. In fact, bilateral US pressure to open east Asian markets has mainly profited American producers – as with the deal which increased Japan's beef import quotas, but primarily for US beef; or the agreement by the Taiwanese to limit rolling-stock and signalling equipment contracts for a new rapid transit line to American companies in order to buy off US pressure.

[illegible] for President Clinton's pledge to enter negotiations to ensure Caribbean countries are not discriminated against as a result of the North American Free Trade Agreement, Caribbean leaders will treat this with justified cynicism, bearing in mind that recently the US again slashed sugar import quotas, restricting competitive Caribbean sugar sales in the US to protect large, inefficient but politically powerful Florida sugar producers.

Perhaps Mr Freeman also is unaware of the fact that the US has just further restricted imports of low-cost Chinese textiles, along with imports [illegible] poor [illegible] [illegible] [illegible] Nepal, Mauritius and El Salvador. The US also maintains a huge array of import restrictions on a vast range of products extending from cars (restrictions on imports from Japan) and trucks (25 per cent tariff) to peanuts (strict import quotas to protect American farmers) and steel (import restrictions covering most imports, including those from Japan).

Perhaps President Clinton should begin by prying open his own markets.

Phillip Oppenheim,
House of Commons,
Westminster SW1A 0AA

Birth pangs of PIA do not augur well

From Mr Michael Goldman.

Sir, The complacency of the letter from the president of the Life Insurance Association (January [illegible]) is breathtaking in [illegible] implication [illegible] there [illegible] nothing amiss with the selling practices of the life insurance industry.

No doubt most transactions proceed smoothly and are in the interest of the consumer ([illegible] they should be), [illegible] [illegible] [illegible] the [illegible] of elderly people talked into [illegible] [illegible] plans, the [illegible] [illegible] members [illegible] occupational pension [illegible] persuaded [illegible] transfer to personal pensions, the [illegible] of [illegible] who took out endowment mortgages when repayment mortgages would have been more appropriate?

As a writer [illegible] reports on marketing subjects I come into contact with many industries, all of which have special problems and feel themselves to be misunderstood, but in my experience the life insurance industry is the most obscurantist.

Its [illegible]-regulatory organisa[illegible] [illegible] all too [illegible] [illegible] more like [illegible] associations than consumer protection bodies and [illegible] [illegible] that are attending the birth [illegible] the [illegible] Investment Authority [illegible] not augur well [illegible] [illegible] [illegible].

It [illegible] not [illegible] the interest of [illegible] British consumer that investment and protection have become so intertwined in the world of personal financial services.

Michael Goldman,
1 Lyndale Close,
Blackheath,
London SE3 7RG

A pessimistic analysis of executive demand

From Mr Chris Smith.

Sir, Michael Dixon, in his swan song on MSL's latest sta[illegible] [illegible] [illegible] demand ("Turn [illegible] [illegible] [illegible] [illegible] [illegible]firmed", January [illegible]) doubts "annual demand will ever again rise to even near the [illegible] tally [illegible] [illegible].

In [illegible] [illegible] reported total demand was 16,309, being 13.3 per cent up on 1992, and, while the rate at which the tide is coming in is as yet uncertain (another couple of quarters information will help), a figure in excess of 19,000 [illegible] probable for 1994 (an increase of more than 17 per cent).

In the [illegible] years from June 1981 to June 1985 the index more than doubled (recurring ann[illegible] increases of 19 per cent) during a period when inflation averaged 6.2 per cent (per the Retail Prices Index).

At this stage in the economic cycle, and with initial indications that the previously lagging indicator of total unemployment is reacting more promptly to increased growth (which, on the most recent evidence, is also exceeding expectations), I feel his analysis is unduly pessimistic.

This specific index may, if it is not amended for structural changes in recruitment methodology and employment prac[illegible] (such as short-term [illegible]tracting, interim management and temporary executives) fall short [illegible] previous highs. But [illegible] [illegible] no underlying [illegible] [illegible] why total executive employment in the [illegible] 1990s should be less than in the previous decade.

[illegible] will change [illegible] [illegible] means by which executives are obtained, reflecting both the increasingly flexible resourcing requirements of employers and the relative [illegible] of the particular [illegible] and organisations concerned.

As recently as January 1992, when I was helping a client review its banking facilities, the bank was surprised to be questioned on the terms of an overdraft facility at 0.5 per cent over base rate with a minimum of 7.625 per cent [illegible] it could never envisage [illegible] coming down to these levels!

Chris Smith,
chief executive,
Cumbergold,
67 Princess Victoria Street,
Clifton, Bristol BS8 4DD

Chancellor not backed

From Mr Giles Radice, MP.

Sir, The first paragraph [illegible] [illegible] Norman's otherwise [illegible] [illegible] ("Cross-party group [illegible] MPs backs [illegible] fiscal policies", January [illegible]) of the Commons Treasury [illegible] [illegible] report on the [illegible] budget gives [illegible] misleading impression because it implies that opposition MPs backed the chancellor's [illegible] policies.

In fact, [illegible] published min[illegible] [illegible] [illegible] proceedings [illegible] [illegible] committee show that [illegible] supported [illegible] [illegible] which expressed our [illegible] [illegible] [illegible] scale [illegible] the tax [illegible] announced in the [illegible] [illegible] bud[illegible] equivalent, [illegible] the chancellor admitted [illegible] [illegible] commit[illegible], to 7p [illegible] [illegible] standard rate of tax. [illegible] were (and remain) concerned that the severity of these rises would not only [illegible] heavily on vulnerable [illegible] [illegible] society" but [illegible] put [illegible] recovery "at risk".

Giles Radice,
Labour MP for North Durham,
member, Treasury select [illegible]
House of Commons,
London SW1

TECHNOLOGY

Robots ration costs

A new robot installation for packing military rations is helping the French army cut [redacted] and could [redacted] earn it some [redacted] The FFr60m (£6.8m) facility [redacted] automated and can respond quickly [redacted] sharp increases in demand [redacted] of crisis.

This could make it [redacted] other armies and aid organisations, [redacted] Colonel Hugues Keller, head [redacted] facility at Angers, south-west France.

With an output [redacted] 24 rations [redacted] minute, the plant easily [redacted] the army's regular annual requirement for 2m rations and could produce two or three times as much.

Developed [redacted] part of the army's cost-cutting programme, the facility [redacted] the production of military rations [redacted] one site. [redacted] were two. [redacted] Keller, "we have seized the opportunity [redacted] state-of-the-art technology which will satisfy the [redacted] not only [redacted] today's army but [redacted] that of the [redacted] century".

The [redacted] with the [redacted] constituents [redacted] a soldier's daily food allowance. The 14 possible menus include tinned cooked meals, chocolate bars, chewing gum, packet soup, [redacted] purification tablets, dry crackers and [redacted]

Each package [redacted] put in the right position in [redacted] box [redacted] closed, [redacted] in plastic film, ready [redacted] be packed for shipment.

At [redacted] of the system is a line of nine small [redacted] from Californian manufacturer Adept, [redacted] responsible [redacted] loading [redacted] different components into [redacted] a conveyor.

The larger, more robust [redacted] put into [redacted] These [redacted] removed from [redacted] and [redacted] directly to the Adept line, one layer [redacted] a time, by three large robots [redacted] Robotique France, part of [redacted] group. The smaller [redacted] fed [redacted] the Adept robots.

Anna Kochan

Exorcising Satan Bug

A new breed of multiple viruses is threatening PCs, says Tom Foremski

C[redacted] a computer virus change its spots? Yes, [redacted] computer security experts, who warn that a [redacted] breed of sophisticated computer virus that changes itself into multiple [redacted] is becoming more [redacted] mon and that it [redacted] outwit [redacted] anti-virus software.

Known as polymorphic viruses, they are designed to hide from popular anti-virus programs by changing [redacted] slightly [redacted] they replicate.

[redacted] relying [redacted] older [redacted] anti-virus scanning software risk leaving their PCs [redacted] to infection from polymorphic viruses. Such viruses can produce as many [redacted] 2.3 trillion versions of themselves, making [redacted] impossible [redacted] detect without the help of a new generation of anti-virus software.

"There is no question about it, polymorphic viruses are definitely the wave of [redacted] future," [redacted] Phil Talsky, product [redacted] leading US anti-virus software developer [redacted] Associates. Talsky adds [redacted] the [redacted] common polymorphic virus [redacted] the [redacted] Bug [redacted] it [redacted] infecting increasing numbers of PC [redacted] "It recently [redacted] our top 10 list of most often reported viruses, [redacted] number nine."

David Stang, head of US-based Norman [redacted] Defense Systems and founder of the International Computer Security Association, [redacted] that [redacted] Satan Bug [redacted] puter security challenge. "We [redacted] hearing more reports daily [redacted] Bug infections [redacted] it [redacted] a major problem for [redacted] organisations."

The [redacted] Bug [redacted] turned up [redacted] US government agencies where it [redacted] several hundred PC systems. [redacted] Social Security Administration [redacted] Army Corp [redacted] Engineers. There have also [redacted] reports that the [redacted] Bug has [redacted] found in European PC systems, [redacted] that Tremors, another polymorphic virus, [redacted] affecting [redacted] in Germany.

However, they should [redacted] panic, Stang says. "Becoming [redacted] by [redacted] kind of virus [redacted] ing across the [redacted] Bug [redacted] if you [redacted] unlucky enough [redacted] get infected, [redacted] going [redacted] expensive."

The Satan Bug [redacted] not designed to [redacted] viruses, such as Michaelangelo, but it [redacted] trying to [redacted] to [redacted] network [redacted] will change file dates. [redacted] replicates quickly [redacted] can travel [redacted] a local area network [redacted] infect other [redacted]

Computer virus experts [redacted] IBM say polymorphic viruses should [redacted] trouble most [redacted] "If [redacted] take proper precautions, polymorphic viruses are easy to deal with," says Steve White, manager of [redacted] high integrity computing laboratory [redacted] the IBM Thomas J. Watson Research Center. "We have not found [redacted] very high infection rate among [redacted] by the [redacted] Bug and [redacted] whole issue of polymorphic viruses has received more attention [redacted] it deserves."

White and [redacted] colleagues [redacted] have completed several detailed studies of how computer virus [redacted] propagate. They [redacted] the first to label the Michaelangelo virus scare [redacted] years [redacted] over-blown [redacted] correctly predicted that it would not [redacted] much damage.

White points out that PC users [redacted] about the [redacted] chance of [redacted] virus infection as they do of a hard disc failure, [redacted] proper backup procedures should be a routine task. To eliminate [redacted] virus, [redacted] must detect [redacted] often erase infected [redacted] and then reinstall them from an uninfected backup disk.

This can take several hours for each PC infected. The US Army Corps of Engineers [redacted] that it lost more than $12,000 per hour in trying to exorcise [redacted] Bug.

McAfee's latest version of its ViruScan software can detect [redacted] Bug. [redacted] users [redacted] delete all infected files.

[redacted] Stang says [redacted] developed an anti-virus program [redacted] detect and erase the [redacted] Bug without requiring users [redacted] reinstall infected files. Talsky says polymorphic viruses are more [redacted] to guard against since they use encryption [redacted] from virus [redacted] ning software. "Polymorphic viruses [redacted] algorithm-based so we have [redacted] essentially crack [redacted] code first [redacted] produce algorithms [redacted] counter them. Normally, [redacted] one hour [redacted] modify our software [redacted] a regular virus, [redacted] with a polymorphic virus, it [redacted] us [redacted] hours to develop software [redacted] can detect it."

Researchers at [redacted] say they are working [redacted] system [redacted] detect and analyse new polymorphic viruses. This will enable [redacted] response in producing updates of anti-virus software [redacted] help [redacted] their spread.

While computer virus experts concede [redacted] polymorphic viruses [redacted] written by very talented programmers, the developer of the [redacted] Bug [redacted] believed to be [redacted] 16-year-old computer enthusiast who uses the pseudonym Hacker4Life. There [redacted] law prohibiting the writing of a virus program and programmers often post their latest [redacted] quite openly on local computer bulletin [redacted] systems. There [redacted] about 2,500 known [redacted] viruses.

Advancing computer technology could help solve [redacted] growing problem. Western Digital, [redacted] company making hard discs, [redacted] developed [redacted] chip, the Immunizer, designed to monitor system activity and to block [redacted] suspicious writing [redacted] the hard disc. However, [redacted] chip [redacted] only with certain newer PCs.

On [redacted] software side, [redacted] developing [redacted] types [redacted] anti-virus programs that, [redacted] the Immunizer chip, [redacted] happening within the PC. If the software detects suspicious activity, it blocks it [redacted] flags an alert.

Talsky [redacted] more polymorphic viruses [redacted] coming.

While the risk from [redacted] virus infection [redacted] small, [redacted] important safeguards all PC [redacted] should adopt. These [redacted] using the [redacted] anti-virus software. "We produce [redacted] versions of ViruScan every six weeks," [redacted] Talsky. "But there [redacted] a [redacted] of people using [redacted] versions and they won't [redacted] full protection." Any anti-virus software version written before August 1993, is unlikely to offer protection against polymorphic viruses. Users should contact their vendor [redacted] update their software.

All [redacted] software, no [redacted] its source, must be scanned [redacted] viruses. "Most people avoid [redacted] puter [redacted] boards and share[redacted] software, thinking [redacted] they might be infected. [redacted] calls are from users that have been infected from commercial software, especially demo software disks," [redacted] Talsky.

Stang recommends that [redacted] with many PCs [redacted] on a [redacted] puter security strategy. "Some [redacted] apply [redacted] security [redacted] all their systems. The problem with this approach is that [redacted] systems should be better protected [redacted] others may not [redacted] quite [redacted] much protection. [redacted] each [redacted] they [redacted] spend five [redacted] 10 minutes each day scanning for viruses, [redacted] translates into [redacted] huge cost in [redacted] of staff time [redacted] the [redacted] of [redacted] year. That [redacted] turn out to [redacted] expensive than dealing with [redacted] virus infection."

Technically Speaking

Clinton's trio of successes

By Deborah Shapley

The administration [redacted] US president Bill Clinton had very mixed fortunes in its first year, but its [redacted] promote government science and technology programmes were rewarded with three [redacted] As [redacted] result, [redacted] now [redacted] chance [redacted] contributing more directly [redacted] the [redacted] economy.

One important achievement [redacted] administration's work in [redacted] days of the [redacted] (General Agreement on Tariffs and Trade) [redacted] to [redacted] the draft [redacted] revised to allow government-industry [redacted] partnerships [redacted] proceed largely free of Gatt red tape. Such partnerships [redacted] keystone [redacted] Clinton's technology policy, one aim of which [redacted] to develop [redacted] research insights into competitive new products.

[redacted] 1990 [redacted] ment subsidies [redacted] industry projects [redacted] retaliatory [redacted] Government [redacted] industry [redacted] that [redacted] more than 50 per cent of a project's total [redacted] actionable, as [redacted] government subsidies [redacted] industry applied [redacted] project [redacted] more than 23 per cent of the total.

The [redacted] draft text [redacted] rate requirements for advance [redacted] by [redacted] forming such partnerships. Also, other [redacted] penalties through [redacted] if they [redacted] a subsidy hurt [redacted] trade.

This [redacted] it risky [redacted] government [redacted] to sign up industry research, as they do now on a range of sci[redacted] and technological projects. [redacted] would, [redacted] example, have imperilled the National [redacted] relationships with biotechnology companies.

Computing [redacted] government's [redacted] in [redacted] projects [redacted] been [redacted] nightmare. [redacted] have [redacted] open [redacted] dispute, [redacted] therefore [redacted] retaliation, [redacted] the [redacted] subsidies committee judged the calculation wrong. The prospect [redacted] retaliation from [redacted] governments if a government-industry partnership [redacted] pioneering product might even dissuade companies from forming such partnerships.

In November, [redacted] confronted [redacted] trade officials in a meeting of [redacted] National Economic Council, and the Gatt text was changed in a last-minute session in Brussels.

The [redacted] text exempts all government-industry partnerships formed for undirected basic research. Partnerships for industrial research are exempt if the government share [redacted] than 75 per cent. A new category of "pre-competitive development" subsidies are allowed if the government share is 30 per cent or less.

A second success was the approval [redacted] a new National Sci[redacted] and Technology Council in [redacted] White House. It will be on a par w[redacted] NEC, the National Security Council, and the Domestic Policy Council. Like these it will be a forum to arbitrate conflicting agency [redacted]ons.

The [redacted] will [redacted] the president, though vice-president Al Gore [redacted] effectively [redacted] the chairman, while [redacted] day-to-day job will probably fall [redacted] Gibbons, the president's [redacted]

The council, along with [redacted] sub[redacted] $76bn (£51bn) government-research and development programme, now spread among doz[redacted] of agencies. It [redacted] decide how [redacted] implement [redacted] such as basic research, communications and health. Importantly, Clinton [redacted] council to decide – with the [redacted] Management [redacted] – how [redacted] should be allocated among competing agencies.

[redacted] third achievement was to [redacted] Congress [redacted] research and technology investments [redacted] wrestling [redacted] with Congress [redacted] the budget for [redacted] Despite the [redacted] budget-cutting [redacted] of Congress and Clinton's agreement to [redacted] federal spending [redacted] five years, research survived – civilian research even [redacted]

The president [redacted] funds for [redacted] technology investments he [redacted] wanted: [redacted] "clean" car, [redacted] superhigh[redacted] and [redacted]

Concert/Richard Fairman

Music from the soul

E[illegible] in the early evening, when the [illegible] still chasing round Parliament Square, the interior of Westminster Abbey [illegible] surprisingly peaceful haven. [illegible] was [illegible] wise decision to hold the opening night of the BBC's Tavener festival there, as [illegible] composer's deeply religious [illegible] the hallowed air within its walls, the space afforded by [illegible] lofty majesty, if it is to breathe.

The weekend festival was one [illegible] the annual series which the BBC [illegible] to portraits of 20th-century [illegible]. [illegible] the exception of Janáček, featured last year, all have been living [illegible] stage in their careers where a full-scale retrospective is due. John Tavener, who is 50 this week, has reached that point and it is [illegible] useful coincidence that he has also been caught at the height [illegible] new-found popularity.

The [illegible] *Protecting [illegible]* has prompted [illegible] widespread [illegible] in all of Tavener's music. [illegible] his style has become increasingly spare, he [illegible] been conveniently grouped with minimalists [illegible] Pärt [illegible] Glass, Górecki [illegible] Nyman, who [illegible] simultaneously [illegible] popular recognition. The irony is that no composer is more of an individual [illegible] Tavener, treading [illegible] solitary path [illegible] spiritual self-discovery.

His music may be repetitive like theirs, but [illegible] has arrived at this [illegible] a [illegible] place and for different reasons. [illegible] Westminster Abbey [illegible] heard the *Akath[illegible] of Thanksgiving*, completed in 1988 and [illegible] central example of what the mature Tavener is writing. Over a deep, bass drone a chorus [illegible] the glory of God. The music edges forward reluctantly, as [illegible] time [illegible] object. [illegible] chant-like melodies [illegible] unfolded by unaccompanied voices, sometimes overlaid by tolling bells, sometimes wafted aloft by a numinous halo of strings.

By the end of its [illegible] minutes' duration, [illegible] has achieved exultation, but without [illegible] struggle [illegible] dialectic. Tavener has simply stated his material and, with minor variations, re-affirmed [illegible] with increasing glorification. [illegible] into [illegible] Russian [illegible] Church, echoing [illegible] diatonic chants, breathing its rarefied air, he has sought [illegible] adopt as much as possible of its language into all aspects of his music.

No composer is [illegible] individual than Tavener [illegible] he treads the path of spiritual self-discovery

How well [illegible] the music [illegible] In [illegible] calm [illegible] the Abbey [illegible] that the simplicity [illegible] beauty [illegible] *Akathist of [illegible]* [illegible] most of the potential drawbacks, despite [illegible] structure [illegible] brings [illegible] same material [illegible] 11 [illegible]. The blending [illegible] counter-tenor soloists, [illegible] Bowman and Timothy Wilson, [illegible] suitably other-worldly. The trebles of [illegible] Abbey Choir [illegible] in thirds [illegible] angels. Martin Neary [illegible] Singers [illegible] Symphony Orchestra.

At the Barbican, the festival's main [illegible] failures [illegible] evenly [illegible] of [illegible] miniatures – the settings of William [illegible] "The Lamb" and "The Tiger", the [illegible] *of Seferis* – [illegible] effective Tavener's kind of simplicity can be, a single harmony or oriental [illegible] being striking enough to catch the imagination. *Other*, longer works outstayed their welcome. *Mandelion*, an organ piece, wandered aimlessly; *Palintropos*, in [illegible] piano concerto, [illegible] itself with atmospheric twiddlings which add up [illegible] nothing in particular.

Perhaps Tavener [illegible] more in tune with popular [illegible] than [illegible] ascetic image might [illegible] in the 1960s, he [illegible] notice with pieces like *The [illegible]* and *Celtic Requiem*, both recorded on the Beatles' Apple label. The Requiem, [illegible] popularist theatre-piece with children, [illegible] performed on Saturday by the City of London Sinfonia under Martyn Brabbins [illegible] brought [illegible] life a [illegible] of [illegible]. This [illegible] rock musicals, jazz [illegible] and *oriental mysticism*. [illegible] *after* Tavener [illegible] out [illegible] own spiritual journey.

In [illegible] his popularity [illegible] surged again, [illegible] time buoyed [illegible] the wave [illegible] enthusiasm for [illegible] cello-and-orchestra work, *The Protecting [illegible]*. Steven [illegible] the soloist on Sunday with the BBC Symphony Orchestra under Gennady Rozhdestvensky, playing [illegible] the [illegible] unhurried lyricism [illegible] he brought [illegible] best-selling recording. From [illegible] accorded [illegible] Górecki, Nyman and others, it [illegible] that [illegible] public is hungry for music which is approachable [illegible] this, easy [illegible] absorb, gently uplifting. Whether they appreciate anything of [illegible] long religious quest [illegible] Tavener [illegible] write it [illegible] another matter.

'Night Flowers II' by Anthony Whishaw, currently in the Barbican's Concourse Gallery

Abstracted memories

William Packer on recent work by Anthony Whishaw and photographs from the Hulton Deutsch collection

The curving Concourse Gallery of the Barbican [illegible] notoriously difficult [illegible] for painters, who would [illegible] put a flat canvas on a [illegible] wall. The gallery is [illegible] enormous. But Royal Academician Anthony Whishaw, at 63 one of our more senior and distinguished artists, fills it without apparent difficulty, and only with his work [illegible] the last eight [illegible].

The paintings [illegible] *abstracted* rather than abstract, in that they simplify and re-order the reference they make to real experience and [illegible] visible world. [illegible] has [illegible] of his associative landscape paintings of the earlier [illegible] he was extremely alive to the [illegible] one has at the periphery of vision in walking through [illegible] wood, with twigs and moths flicking now this [illegible], [illegible] that. This sense [illegible] visual activity remains, though turned [illegible] the movement or [illegible] of the figure, [illegible] groups [illegible] figures, or of [illegible] crashing [illegible] the beach.

He refers [illegible] much [illegible] art [illegible] nature, [illegible] Japanese screen painting and, most of all, to the Spanish masters, from Velasquez [illegible] Picasso and Tàpies. Spain [illegible] country and culture [illegible] all-absorbing. The influence is clear enough, yet in the [illegible] interiors and courtyards, in his reworking [illegible] cubism, [illegible] in his [illegible] handling [illegible] paint itself, he [illegible] closer, perhaps, [illegible] Picasso's high-cubist colleague, [illegible] French[illegible] Braque, [illegible] most [illegible] all [illegible] Braque of the last [illegible] studio still-[illegible].

And [illegible] all his heroes – like Picasso himself, Braque, Goya [illegible] Velasquez, [illegible] like [illegible] and [illegible] – [illegible] he is, Whis[illegible] is [illegible] symbolist, concerning himself, openly and [illegible] grand scale, with great themes [illegible] universal experience. Even images of [illegible] landscape or [illegible] *l'immensité* of Courbet, readily [illegible] on such possibilities, but here, in such series [illegible] his "[illegible] leading the Blind", they become explicit.

Memory and Reflection [illegible] subtitle [illegible] this exhibition. [illegible] makes much of meeting [illegible] whom [illegible] came upon, sitting alone in [illegible] village [illegible] Bulcayado, now quite deserted, [illegible] was [illegible] her home. The paintings he has [illegible] of her, "Reverie", sitting in [illegible] empty house or by [illegible] sea, [illegible] the heart of his work, as they are [illegible] heart [illegible] memorable exhibition.

On [illegible] level of the [illegible]can's Art Gallery is [illegible] *Life*, [illegible] personal [illegible] of some [illegible] images [illegible] the Hulton [illegible], the photographic historian, was left [illegible] make his choice quite unhin[illegible] by [illegible] or prescription, which [illegible] been [illegible] daunting, if enthralling, undertaking. [illegible] collection is based on [illegible] Hulton [illegible] *Library, set [illegible] in 1944 as* the [illegible]. [illegible] has [illegible] over [illegible] number [illegible] press archives and collections, and now amounts [illegible] something over 15 million [illegible].

Bernard, quite rightly, [illegible] trusted [illegible] nothing more than his eye for an image and an idiosyn[illegible] humour that is by turns sardonic, [illegible] very funny. Victorian and [illegible] pi[illegible] [illegible] included, and the period of [illegible] in the late 1950s, but [illegible] chronology is attempted. [illegible] *substance of the show is set in the* golden age [illegible] photo-reportage, [illegible] the 1920s to the 1950s and the end of [illegible] itself.

[illegible] were as desperate [illegible], [illegible] here are [illegible] enough to account [illegible] them, [illegible] tion and disaster, brutality and [illegible]. Yet always [illegible] the personal [illegible] that haunts [illegible] imagination, not the [illegible] much as the young, rapt [illegible] Nazi Youth, [illegible] running [illegible] car, [illegible] smiling.

But not All [illegible] is so *sinister, least of* [illegible] *in Bernard's* [illegible] eye. [illegible] goes on even though a child crawls in the [illegible] gutter, or homeless [illegible] camp in [illegible] mud of [illegible] Forest. The [illegible] Box [illegible] still be dressed, the invoices still despatched from the Wax-Model factory where a [illegible] hand sits on the desk. There are still [illegible] to feed, [illegible] to stuff, races [illegible] run, [illegible] to ride on [illegible] high-wire in the back-garden, fun to be had.

Anthony [illegible] Memory and Reflection; [illegible] Concourse Gallery until March 6, then [illegible] Ayr, Exeter, Huddersfield, Dublin, [illegible] Newport [illegible] Bolton.

All Human Life: photographs from the Hulton [illegible] Collection; Barbican Art Gallery until April 24.

Opera

Chabrier's buoyant opéra bouffe

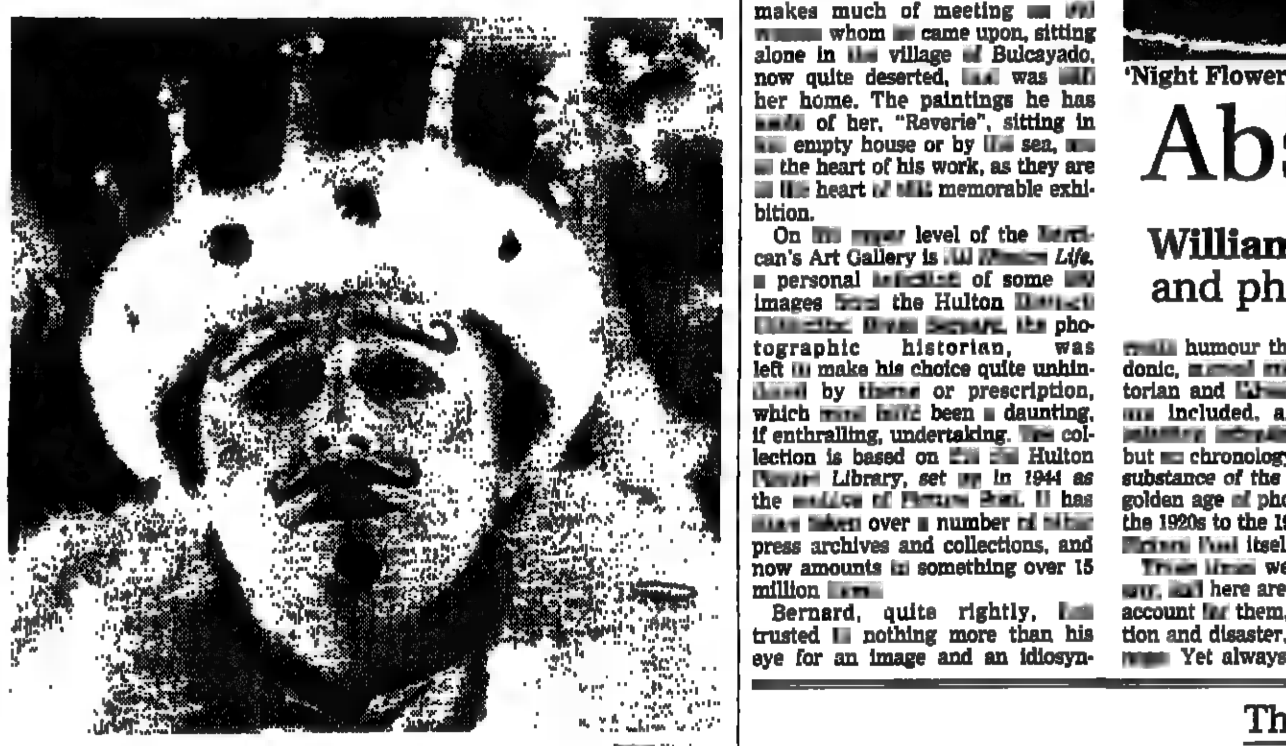
In 1991, Opera [illegible] Emmanuel Chabrier's 150th anniversary with [illegible] production [illegible] his "opéra [illegible]" *L'Etoile*. This [illegible] of his [illegible], Opera North promises his "opéra-comique" *Le Roi malgré lui* [illegible] later; [illegible] that [illegible] are well [illegible] back [illegible] in Phyllida Lloyd's delectable staging.

The crisis-ridden story [illegible] impeccably silly, far-fetched but not [illegible] complicated, with [illegible] clever [illegible] by Leterrier and Vanloo (nattily Englished here by Jeremy Sams). The music is as buoyant, original and witty as [illegible] expects [illegible] Chabrier – and never just [illegible] on: it springs straight from the ridiculous situations, and turns [illegible] into farcical [illegible]. It [illegible] immensely singable, at least for singers who appre[illegible] 19th-century French vocal manners [illegible] Chabrier exploits and [illegible] Opera North cast swings [illegible] it with confident relish.

They [illegible] invaluable support from [illegible] Reymond, [illegible] conducts the score with no less grace than verve, idiomatic as could be. They also survive Anthony Ward's designs – sets and costumes alike drawn [illegible] children's fairytale books, [illegible] *shamelessly exaggerated* – with [illegible] aplomb.

In [illegible] breeches-role, Pamela Helen Stephen [illegible] the lusty pedlar Lazuli into a carrot-haired, full-voiced, ripely accented Scot; occultly linked [illegible] him by astrology [illegible] King Ouf, as whom [illegible] Paul Nilon [illegible] a model [illegible] knowing style. Jonathan [illegible] glum astrolo[illegible] abets him staunchly. Mary Hegarty's Princess [illegible] brightly assured, [illegible] the unreliable Ambassadorial couple are reliably impersonated by Alan [illegible] and [illegible] Flowers.

But [illegible] is always [illegible] composer's voice we hear: irrepressible Chabrier, [illegible] "amateur" musical [illegible]lutionary who quit his civil-service job as soon [illegible] heard [illegible] (at [illegible] the heir of [illegible] was [illegible] of a musical groundbreaker than the [illegible] mini-master. Without Chabrier's untrammelled example – the tricky firecracker rhythms, [illegible] fractured concision, the brusque modulations, [illegible] lush, free-floating seventh- and ninth-[illegible] – [illegible] Debussy and [illegible] we love might have [illegible] have [illegible] the composers they were. And then where would [illegible]?



[illegible] Workman

A model [illegible] knowing style: Paul Nilon as King Ouf in Phyllida Lloyd's delectable staging of 'L'Etoile'

David Murray

[illegible] sponsored by [illegible] Airport Terminal 2. Further performances: Leeds, January 25, [illegible] Nottingham, February 16, 19; Manchester, February 23, 24; Norwich, March 2, 3; Hull March [illegible] 11

Theatre/Andrew St George

A Québecois statement on life

The [illegible] Arts Centre, Brentford [illegible] introducing the Québecois play *La Déposition (The Statement)* by Hélène Pedneault [illegible] British audience. This 90 minute psychological thriller rewards close attention without demanding it.

[illegible] staged in [illegible] in [illegible] and reached the Avignon Festival in [illegible]. It [illegible] been translated by Mark Ravina, and directed by [illegible] for The Troupe, a company [illegible] bring [illegible] theatre [illegible] UK.

An Inspector [illegible] investigating a murder. [illegible] chief suspect [illegible] victim's daughter, Lena, [illegible] it [illegible] an accident "which began in childhood and happened [illegible] years later." The play turns [illegible] the question of Lena's collusion in her mother's death. [illegible] a merciful [illegible] a vindictive blow? This evolves into [illegible] investigation where [illegible] whole life is called into question; it is a technique begun and perfected by [illegible] Browning [illegible] century in his dramatic monologues. [illegible] it [illegible] further.

The dialogue is [illegible] and involved. The barge-footed Inspector gradually grows into a sympathetic figure, and [illegible] recalcitrant suspect [illegible] a kind of confession. There [illegible] two clips of video evidence from Lena's sisters: [illegible] a prim paralegal and [illegible] other [illegible] blowzy mother. This [illegible] much more like overhearing therapy than watching drama, but [illegible] less compelling for that. At the end, [illegible] Inspector calls for help: "Someone's [illegible] apart in front of me. I don't know how to pick up [illegible] pieces."

As a series of images for Quebec's relations with Ottawa, the play works very well. Behind its questions of guilt, identity and [illegible] role of the past there [illegible] resonances which work better in Quebec than Brentford: what it is to break free from the past, and why present questions [illegible] past answers. You [illegible] love and hate the place you [illegible] from.

Susan Penhaligon plays Lena; she handles the role extremely well, finding [illegible] for psychosis [illegible] space for sympathy. Opposite her, Simon Wright is an understanding Inspector. The play is topped and tailed by [illegible] sounds and whale music, perhaps [illegible] encouragement [illegible] take [illegible] long, cosmic view.

The Statement [illegible] in repertory [illegible] Watermans Art Centre until February 5. 081 [illegible] 1176

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight: [illegible] Bär sings [illegible] Schwanengesang. Tomorrow, Thurs, [illegible] Dutoit [illegible] Royal Concertgebouw [illegible] in [illegible] Bizet, Szymanowski and Saint-Saens, [illegible] violin [illegible] Chantal Juillet. Tomorrow and Fri (Kleine Zaal): Prazak Quartet plays Suk and Janacek. Sun afternoon: Esa-Pekka Salonen conducts Swedish Radio Symphony Orchestra in Sandström, Berg and Stravinsky, with violin [illegible] Kremer. Sun evening: [illegible] King [illegible] Netherlands Chamber [illegible] in Bach, Handel and Telemann (24-hour information service 020-675 4411 ticket reservations 020-671 8345)

Muziektheater Tomorrow, Fri: Graeme Jenkins conducts Pierre Audi's new production of Il re pastore, with cast led by Bruce Ford and Teresa Ringholz. Thurs, Sun afternoon (in repertory till Feb 24): Hartmut Haenchen conducts Willy Decker's new production of Wozzeck, with John Bröcheler and Marilyn Schmiege. [illegible] Sun: [illegible] in [illegible] by Kylian [illegible]. Feb 1, 2: [illegible] Lucinda [illegible] Company (020-625 5455)

■ BRUSSELS

Monnaie Tonight, Fri, Sun, [illegible] Tues, Thurs, [illegible] Friend [illegible] David Pountney's ENO production [illegible] Harvey's [illegible] Inquest [illegible] Love, with [illegible] including [illegible] Christie, [illegible] Coleman-Wright, [illegible] Richard van Allan. [illegible] Marianne Rorholm and [illegible] recital (02-218 1211)

Palais [illegible] **Beaux Arts** Tonight: Hagen [illegible] plays string quartets by [illegible] Janacek [illegible] Mozart. Thurs: George [illegible] Belgian [illegible] Orchestra in Mozart, [illegible] and Haydn, with piano [illegible] Louis Lortie. Fri: [illegible] Parrott [illegible] Choir Consort [illegible] Players in [illegible] programme. [illegible] Yuri Bashmet [illegible] recital. Next [illegible] Tues: [illegible] Symphony Orchestra, with [illegible] Kremer soloist in Berg's Violin [illegible] (02-507 [illegible])

■ CHICAGO

CHICAGO SYMPHONY

Tonight's concert [illegible] by Daniele [illegible] and [illegible] works by Mozart, Hindemith and [illegible] Barenboim [illegible] four different programmes over the [illegible] month, beginning on Thurs (repeated Fri afternoon, Sat, [illegible] Tues) with an all-Mozart [illegible] in which he is [illegible] piano [illegible] (312-435 [illegible])

[illegible]

The season runs till [illegible] Wozzeck, [illegible] and Tosca. [illegible] is conducted by Daniel Barenboim [illegible] by [illegible] Chéreau, [illegible] by Franz [illegible] June [illegible] and [illegible] Alagna [illegible] in La traviata. Tosca [illegible] Guleghina [illegible] (312-332 2244)

THEATRE

■ The [illegible] version [illegible] the [illegible] children's novel [illegible] at [illegible] for [illegible] three-week run (312-902 1500)

● The Destiny [illegible] Company gives [illegible] Chicago premiere [illegible] Larry Kramer's [illegible] autobiographical work, in which [illegible] activist Ned [illegible] grapples with [illegible] past (708-475 1875)

■ The Don Juan Project: Baliwick Repertory, [illegible] Chicago's adventurous small theatres, presents eight [illegible] on one of literature's most famous rakes - [illegible] Juan in Hell [illegible] a new feminist [illegible] (312-327 5252)

■ Oleanna: David Mamet's two-hander about [illegible] harassment is [illegible] by Michael Maggio [illegible] Wellington Theatre in an open-ended run (312-975 7171)

■ GENEVA

Grand Théâtre Catherine Malfitano sings her first Leonore in [illegible] revival of Johannes Schaaf's staging [illegible] Fidelio, opening next [illegible] for seven performances (022-311 2311)

Victoria Hall Tonight: George Enescu Philharmonic Orchestra of [illegible]. Tomorrow: [illegible] Nagano conducts Lyon Opera Orchestra, with soprano Margaret Price. Fri: Vladimir Spivakov [illegible] Chamber [illegible] (022-311 2511)

[illegible] Gogol's The Marriage opens [illegible] Tues for a [illegible] run, in [illegible] production [illegible] by Felix Prader (022-320 5001)

[illegible] **Carouge** [illegible] The Timid Lovers, [illegible] by Patrick Lapp, runs daily till [illegible] (022-343 4343)

■ GHENT

[illegible] Opera [illegible] are daily performances from tomorrow till Sun of L'incoronazione di Poppea, staged by Gilbert Deflo [illegible] by [illegible] Jacobs. The [illegible] includes Ann Panagulias, Debora Beronesi, Jennifer Larmore [illegible] Guy [illegible] Mey (091-225 [illegible])

■ VIENNA

Staatsoper Tonight, [illegible] Die Fledermaus. Tomorrow: Maria Stuarda. Thurs, Sun: [illegible] conducts Idomeneo, with [illegible] by Siegfried [illegible] Anne [illegible] von Otter. Fri: [illegible] with [illegible] Zampieri and Sergei Larin. [illegible] Mon: Madama Butterfly (51444 2955)

Musikverein Tonight, tomorrow, Thurs: Philharmonia/Sinopoli [illegible] cycle. Fri: Cherubini Quartet. [illegible] next [illegible] song recital (505 8190)

Konzerthaus Tonight: Mikhail [illegible] piano [illegible]. Tomorrow: Heinz Holliger conducts Ensemble Modern in Birtwistle, [illegible] and Holliger. Sat [illegible] conducts Vienna Chamber [illegible] in Schoenberg, [illegible] Haydn, with [illegible] Ursula Fiedler. [illegible] evening: [illegible] Sun: Midori violin [illegible] Mon: Alban Berg Quartet (712 1211)

■ WASHINGTON

MUSIC

● Seiji [illegible] Symphony [illegible] in [illegible] by Beethoven and [illegible] on Thurs, Fri afternoon and [illegible] Kennedy Center's music programme [illegible] Kalichstein-Laredo-Robinson Trio tomorrow, [illegible] André [illegible] piano recital on Fri and [illegible] Philharmonic with Zubin [illegible] (202-467 4600)

■ Washington Opera's repertory [illegible] Eisenhower Theater consists [illegible] auf Naxos, La fille du régiment [illegible] Dominick Argento's new opera The [illegible] of [illegible] (202-467 4600)

■ This week's programme [illegible] Barns of Wolf Trap features guitarist Danny [illegible] on Thurs, singer/songwriter Tom Chapin [illegible] Fri [illegible] on [illegible] (703-218 6500)

THEATRE

■ Death [illegible] the Maiden: Ariel Dorfman's [illegible] crime, [illegible] and moral ambiguity. Till [illegible] at Studio Theater (202-232 [illegible])

■ The Price: Arthur Miller's story [illegible] a family facing the price [illegible] life's [illegible] by Jose Dowling. Till Feb 27 [illegible] Arena Stage (202-488 [illegible])

● A Midsummer Night's [illegible] Richard Mancini directs [illegible] Washington Shakespeare Company production at Gunston Arts Center, till March 5 (703-739 9886)

■ Romeo and Juliet: Shakespeare's [illegible] love story [illegible] directed by Barry Kyle [illegible] Shakespeare Theater. Opens tonight (202-393 2700)

● *Goodnight Desdemona:* Ann-Marie [illegible] comedy [illegible] on [illegible] Shakespeare tragedies, [illegible] and Juliet. Till Feb 13 [illegible] Woolly [illegible] (202-393 [illegible])

● The Swan: Elizabeth Egloff's haunting love story is [illegible] by Jerry Whiddon [illegible] Theater, till [illegible] 13 (301-933 1644)

■ ZURICH

Opernhaus Tomorrow, [illegible] Honeck conducts Hans Hollmann's new production [illegible] Andrea Chenier, with Francisco Araiza, [illegible] Benackova [illegible] Giorgio Zancanaro. Thurs and Sun: Lucia [illegible] Lammermoor with Edita Gruberova. Fri: Fidelio. Sun afternoon: Il [illegible] di Siviglia. Feb 5: [illegible] night of new production of Handel's [illegible] (01-262 0909)

Tonhalle Tomorrow and Fri: [illegible] Loughran [illegible] Tonhalle [illegible] in [illegible] Mendelssohn, [illegible] Dvorak, with piano [illegible] the [illegible] (tomorrow) and Peter Aronsky (Fri). Thurs: chamber music with Bruno Canino [illegible] friends. [illegible] Trio plays [illegible] by Korngold, [illegible] (01-261 1600)

ARTS GUIDE

[illegible] Berlin, [illegible] York [illegible]

Tuesday: Austria, Belgium, [illegible] Switzerland, Chi[illegible] Washington.

Wednesday: France, Germany, Scandinavia.

Thursday: Italy, Spain, Athens, London, Prague.

Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY

Super Channel: European Business Today 2230; repeated 0630, 0715

[illegible]

Super Channel: FT Reports [illegible]

TUESDAY

Super Channel: West [illegible] 1230

[illegible] FT Reports 0745, 1315, 1545, 1845, 2345

WEDNESDAY

Super [illegible] FT Reports 1230

THURSDAY

Super Channel: West of [illegible] FT Reports 2130

[illegible] 0745, 1315, 1545, [illegible]

FRIDAY

Super Channel: FT Reports [illegible]

Sky [illegible] FT Reports 2030

[illegible]

SUNDAY

Super Channel: FT Reports 2230

Sky [illegible] FT Reports 1730; 0430

Glimmer of confidence

Mark Nicholson on the hopes of Lebanon's prime minister to rebuild the 'Paris of the Orient'

Reminders of Lebanon's former glamour can still be glimpsed amid the shelled ruins of present-day Beirut. The gutted Hotel [illegible] Georges may today [illegible] guarded by a solitary, bored Syrian soldier where [illegible] it greeted [illegible] high-rolling [illegible] of Gulf Arabs, arms deal[illegible] spies and journalists. But beside [illegible] adjacent marina, the scions of Beirut's wealthy still gather [illegible] sunny Sundays in a bravura display of tanned flesh, chic attire and flashy cars.

Mr Rafik Hariri, Lebanon's prime minister, [illegible] this week seeking, during [illegible] visit to London, [illegible] rekindle the image his country once had as the Paris of the Orient. At [illegible] meeting yesterday with Mr John Major, [illegible] British prime minister, [illegible] achieved [illegible] his priorities: the restoration [illegible] government-[illegible] export credit insurance for UK exporters to the [illegible]try. As part of his ambitious plans to rebuild Lebanon as a regional [illegible] centre, Mr Hariri [illegible] pressing for aid, which [illegible] has come in limited quantities from the [illegible] In the City, [illegible] will be [illegible]aging reticent businessmen and [illegible] institutions to [illegible] Lebanese officials believe will become the region's fastest-growing capital market.

Above all, [illegible] Hariri will [illegible] that, since becoming prime minister in October [illegible] he has massively boosted Lebanon's confidence in itself. [illegible] – agreed between Lebanon's belligerent factions under the [illegible] Taif pact, which strengthened [illegible] political [illegible] at [illegible] of [illegible] Christians, and [illegible] by [illegible] presence of 35,000 Syrian troops – [illegible] poised to bloom into economic growth and durable political stability.

Lebanon's [illegible] prospects [illegible] the [illegible] promising. Since Mr Hariri arrived in Lebanon from Saudi Arabia, where [illegible] construction busi[illegible] a billionaire, Lebanon's ravaged economy has begun to recover. [illegible] growth [illegible] year [illegible] about 7 per [illegible] and the [illegible] expected for [illegible] A $600m balance of payments deficit in 1991 has [illegible] around, to [illegible] expected $1bn surplus for 1993. Mr [illegible] Salame, Lebanon's central [illegible] governor, says $7bn of capital which left the country in the 17-year civil [illegible] has come [illegible] since 1992.

[illegible] the [illegible] prized indicator [illegible] been the success this month of the share offer for Solidere, the [illegible] Mr Hariri and his advisers created [illegible] [illegible] the reconstruction of 1.6m sq [illegible] of central Beirut. The offering, [illegible] raise [illegible] towards [illegible] of [illegible] 25-year project to [illegible] leisure and commercial district from the [illegible] of downtown Beirut, [illegible] subscribed by [illegible] per cent. According [illegible] Nasser Chammaa, Solidere's founding general secretary, [illegible] per [illegible] of [illegible] subscriptions came from Lebanese nationals, mostly expatriates.

Rebuilding Beirut: [illegible] labour [illegible] the city's glamour

Solidere [illegible] pivotal project in Mr Hariri's rehabilitation plans. Mr [illegible] reckons [illegible] will create up [illegible] jobs and could boost GDP by up to [illegible] per cent [illegible] few years. Its [illegible] raises the prospect of tapping more [illegible] the estimated $30bn-$40bn that Lebanese, living [illegible] the country [illegible] abroad, hold [illegible] "It proves there will [illegible] no problem [illegible] raising funds for future projects," says Mr Freddie Baz, adviser [illegible] Banque Audi, a Leb[illegible] commercial bank.

For its supporters, Solidere epitomises what they call the "Hariri effect": the confidence generated by [illegible] expertise of a man of undoubted commercial [illegible] President Elias Hrawi [illegible] precisely [illegible] when [illegible] Mr Hariri [illegible] form [illegible] government in [illegible]

[illegible] are [illegible]picious of Hariri's businessman's approach [illegible] government, believing there [illegible] potential conflicts of interest in [illegible] construction magnate overseeing Beirut's reconstruction. [illegible] distrustful [illegible] those who claim [illegible] have been dispossessed by Solidere, which, with government backing, forced [illegible] exchange of $1.17bn worth of shares for the property rights of about 130,000 people owning property in those parts of central Beirut due for development.

Hundreds of such people contest Solidere's legality, believing they have a case for its dissolution. "Not only did they take our land cheaply, they took it against our will," says Mr Omar Daouk, a litigant whose family has run shops in [illegible] since [illegible] 1800s.

For many, Mr Hariri's wealth [illegible] both a blessing and [illegible] It has [illegible] Mr [illegible] pump-prime Lebanon's [illegible]nomic revival – [illegible] subscribed, for example, for [illegible] per cent [illegible] Solidere shares on issue. [illegible] also allowed [illegible] establish [illegible] of staff, [illegible] working apart from government structures, undertaking some central reconstruction tasks.

But critics [illegible] wealth has enabled [illegible] to avoid what they [illegible] necessary reform of Lebanon's government structure. "He has basically decided [illegible] public administration is hopeless, cannot [illegible] reformed. [illegible] up a parallel administration," says Mr Paul Salem, director of [illegible] Lebanese Centre [illegible] Policy Studies, [illegible] independ[illegible] think-tank.

Nevertheless, even [illegible] critics accept Mr Hariri's dyna[illegible] and commercial skills offer Lebanon the [illegible] hope of recovery from [illegible] catastrophic civil [illegible] costing 140,000 [illegible] prompting 400,000 [illegible] the country.

The danger [illegible] Lebanon's redevelopment is [illegible] to [illegible] Mr [illegible] alone. For now, [illegible] is nothing [illegible] suggest Mr Hariri [illegible] go. Few see any domestic political challenge. [illegible] peace signed between the Christians and Moslems in 1989 [illegible] in place. Moreover, Mr [illegible] retains [illegible] confidence of the Syrian government, which continues [illegible] keep Lebanon firmly under [illegible] control [illegible] deployed 35,000 troops on [illegible] since [illegible] late [illegible]

This "pax Syriana" will remain [illegible] important factor [illegible] Lebanon's internal poli[illegible] for some time. A Syrian-po[illegible] in Lebanon and the control of such anti-Israeli [illegible] seen in Tel Aviv and Washington as important guarantees of [illegible] in broader Middle East peace talks. The longer-term political stability which would enable Mr Hariri [illegible] his plans for Lebanon [illegible] be influenced primarily, therefore, by what happens in the resumed Washington peace talks rather than anything which might happen at home.

In the meantime, Mr Hariri's chief role is to make a [illegible] of his rebuilding project [illegible] home, while inspiring renewed confidence in Lebanon abroad. If he succeeds, someone might usefully consider removing the Syrian soldier from the door of the Hotel [illegible] Georges and start reglazing its windows.

Joe Rogaly

Labour can't bank on it

If you accept popular mythology, the Conservatives [illegible] the election of April 1992 because they peddled two false promises. First, the depression would end the day after Mr John Major had returned to Downing Street. Second, the new Tory government would cut taxes, year after year after year. This bait may have caught [illegible] gullible voters, but many deserted [illegible] opposition parties, or voted Conservative, for [illegible] different reason. They trusted Labour less than they disliked the government.

In spite of everything that has happened since that [illegible] test, history could repeat itself at the [illegible] election, which need [illegible] take place until April [illegible] Never underestimate the ruthlessness of politicians in trouble. Those of [illegible] who watched Mr Christopher Patten, then chairman of the Conservative party, campaign with a disregard for civilised discourse that must have been foreign to his true nature will [illegible] easily forget the experience. His counterpart next time – perhaps Lord Archer, [illegible] a similar fairground barker – [illegible] not shrink from repeating Mr Patten's unlovely perform[illegible] To be sure, the weekend figures indicating that the taxes we will pay from April will exceed those imposed by the then Mr Denis Healey in 1978-79 diminish the force of Conservative protestations that their instincts are to keep taxation low. But everyone knows that Labour's natural inclination is to use taxes as a means of redistributing income, and to tax high.

That is why it is not sufficient for the shadow chancellor, Mr Gordon Brown, to say that the Tories lied about taxes in April 1992. Of course they did. They always do. They may think they [illegible] honest at the time, as Mr Major says he [illegible] in 1992, but the effect of putting taxes up after promising [illegible] keep them down [illegible] to lead people to wonder whether they have [illegible] for a ride.

[illegible] memory serves, the Conservatives not only lie, they deceive, bamboozle, hoodwink, mislead, double-cross, trick, cheat, [illegible] fiddle, diddle, tell porky-pies and practise extreme economy with [illegible] truth. Sir Anthony Eden bought [illegible] May [illegible] election by knocking [illegible] old pence (2½p) in the pound off income [illegible] and reducing [illegible] scope of purchase tax, the precursor of VAT. In October he took back in indirect imposts what he had given away in direct tax relief in April.

> **It is not enough for Mr Gordon Brown to say the Tories lied about [illegible] at the last election. Of course they did. They always do**

If the subject matter of electoral falsehoods [illegible] tax, [illegible] chimera of good times around [illegible] In [illegible] then Mr Harold Macmillan paid Colman, Prentis [illegible] Varley – that season's Saatchi [illegible] Saatchi – to promote [illegible] Conservatives [illegible] the party of prosperity. They [illegible] Within a year [illegible] pre-election inflationary "go" [illegible] followed by a post-election deflationary "stop". Labour's then [illegible] Harold Wilson [illegible] wit [illegible] use the [illegible] ploy in [illegible] election, [illegible] was preceded by [illegible] outpouring of spending promises and followed by [illegible] introduction of special employment tax. The voters never learn.

Nor, it [illegible] does Labour. Since 1979 it [illegible] to have disconnected itself from the politics of victory. If it [illegible] achieve office in [illegible] last [illegible] of this century it [illegible] understand that the disinclination of southern and suburban [illegible] in support the party of [illegible] old [illegible] cultural. This phenomenon [illegible] yet to be addressed by [illegible] leader, Mr John Smith. Labour has made much [illegible] and got nowhere. It [illegible] no longer the purveyor [illegible]eral disarmament, nationalisation, open-ended subsidies [illegible] dying smokestack industries, long queues, shoddy service and loony left councils. The shadow home secretary, Mr Tony Blair, [illegible] rescued it from [illegible] to [illegible] and the public perception that it [illegible] on crime. After [illegible] Wednesday, the [illegible] cannot [illegible] Labour [illegible] being the party [illegible] devaluation.

Yet Mr Smith does not look like a winner. Four times rejected, his party remains unmodernised. The trade [illegible] still [illegible] it, and exert influence at all levels. At question [illegible] in [illegible] Commons Mr Smith [illegible] enjoy taunting [illegible] prime [illegible] with [illegible] on [illegible]tion, [illegible] produced no evidence that he [illegible] thinking [illegible] to diminish [illegible] social spending [illegible] necessary. [illegible] Commission on Social Justice, set up for [illegible] may [illegible] difficult [illegible] persuade Mr [illegible] accept any [illegible] recommen[illegible] What [illegible] policy? [illegible] only [illegible] what it is not – that is, not [illegible] the Tories'. It [illegible] full employment, but [illegible] will it achieve this? It eschews taxation "for its own sake", [illegible] mean? Why, [illegible] from seeking [illegible] Labour exist?

Such questions [illegible] felicitously addressed by [illegible] Blair, whose mind stret[illegible] beyond Labour's [illegible] public [illegible] unions. He [illegible]siders what touches ordinary voters. That is why he is [illegible] the few British politi[illegible] worth taking seriously. [illegible] not a "one more heave" [illegible]chant, and he is too young to be a brainwashed party hack. Mr Smith is hamstrung by the need to put party unity ahead of other considerations. He gives the impression that he is waiting for the electorate to come around to the fair-index, centre-right way of thinking that was [illegible] him 20 or 30 years ago.

It is *possible* that the Labour leader's policy of doing very little and saying even less may pay off. It generates few hostages to fortune: all the Tories can say is that Labour has no policy. Nothing that Mr Major's government has done [illegible] April 1992 generates any confidence that it will find its feet during the coming year or so. Labour's best argument in 1996 (the [illegible] year) will presumably [illegible] that 17 years is long enough for a Conservative administration, and that it is time to throw the incompetent rascals out. On present form, this should have a powerful appeal.

Mr Smith would be unwise to bank on it. An Eden-style tax cut in the November 1995 budget, accompanied by promises of more public spending and followed by [illegible] quick election in April 1996 would be dangerous for Labour. However hesitant the recovery, people may be feeling better off by then. Mr Smith might be caught high and dry. Complacency is not an attractive election manifesto. Resting on the unmasking of Tory deceptions of April 1992 will have little effect in April 1996. In short, Labour's present strategy of taking no risks is the highest risk of all.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

To appease is to lose in Bosnia

From Andrew R A Haskins.

Sir, May I congratulate you on "Troops out, weapons in" (January 21), your latest courageous editorial on the war in Bosnia-Herzegovina. Since the start of the war, European (and notably British) policy towards Bosnia has been based [illegible] the argument that only a negotiated settlement between the rival parties can put an end [illegible] the conflict, and that military intervention and/or [illegible] end to [illegible] arms embargo against the Bosnian government would merely increase the suffering. Your editorial points out clearly why this argument [illegible] flawed. [illegible] is flawed because in the absence of [illegible] effective military lever there is no incentive for the Serb and Croat nationalists to negotiate in good faith. European policy has been nothing [illegible] than [illegible] justification for appeasement: a strategy which time and again history [illegible] taught does not succeed.

[illegible] is [illegible] for a fundamental rethink of western strategy. An equitable outcome [illegible] only [illegible] achieved [illegible] the arms embargo is lifted, and if the Bosnian government is given [illegible] diplomatic support. At least then [illegible] will have the chance [illegible] fight for [illegible] survival of its people [illegible] reasonably level playing [illegible] The tragedy is that western governments could have [illegible] these bolder steps nearly two [illegible] ago. [illegible] they [illegible] 200,000 deaths might have [illegible] averted.

Andrew R A Haskins,
4 Streatham Court,
Streatham High Road,
London SW16 1DL

Right support

From [illegible] Hashit Raja.

Sir, Having recently [illegible] my wife through [illegible] natural birth, [illegible] seems [illegible] Nigel Spivey ("No place for pregnant fathers", January 22/23) exposes his own fears about attending his child's birth rather than expounding [illegible] argument for general male absence [illegible] birth.

[illegible] says: "The natural [illegible] of affairs is for women to assist women." If he [illegible] shoo away [illegible] "semi-official sisterhood" gathered around [illegible] he [illegible] eventually realise [illegible] of natural birth [illegible] require actual physical support; in which case [illegible] patient, dedicated husband [illegible] stamina can [illegible] a better bet [illegible] a multitude of gender [illegible]

[illegible] Raja,
2 [illegible] St James,
[illegible] Terrace,
[illegible] NW8 [illegible]

Free market only rhetoric in US

From Phillip Oppenheim MP.

Sir, Harry L Freeman falls into the trap [illegible] confusing the free-market rhetoric of [illegible] politicians with what they [illegible] practice (Letters, January 21).

Mr Freeman is, [illegible] example, incorrect in saying that "the long-standing US policy of trying to pry open" markets aims to benefit all exporters. In fact, bilateral [illegible] pressure to open east Asian markets has mainly profited American producers – as with the deal which increased Japan's [illegible] import quotas, but primarily for [illegible] beef; or [illegible] agreement by the Taiwanese to limit rolling-stock and signalling equipment [illegible] for a [illegible] rapid transit line to American companies in order to buy off US pressure.

As for [illegible] Clinton's pledge to enter negotiations to ensure Caribbean countries are [illegible] as a result of the [illegible] American Free [illegible] Agreement, Carib[illegible] will treat [illegible] with justified cynicism, bearing in mind [illegible] recently the US again slashed sugar import quotas, [illegible]stricting [illegible] Caribbean sugar sales in the US to protect large, inefficient but politically powerful [illegible] sugar producers.

Perhaps Mr [illegible] is [illegible] the US has just further restricted imports [illegible] low-cost [illegible] textiles, along with imports from poor countries such as Nepal, Mauritius and El Salvador. The US also maintains a huge array of import restrictions on a vast range of products extending from cars (restrictions on imports from Japan) and trucks (25 per cent tariff) to peanuts (strict import quotas to protect American farmers) and steel (import restrictions covering [illegible] imports, including those [illegible] Japan).

Perhaps [illegible] Clinton should begin by prying open his own markets.

Phillip Oppenheim,
House of Commons,
[illegible] SW1A 0AA

Birth pangs of PIA do not augur well

From Mr [illegible]

Sir, The complacency of the letter from [illegible] president [illegible] Life Insurance Association (January 21) [illegible] breathtaking in its implication that [illegible] is nothing amiss with the selling practices of [illegible] life insurance industry.

No doubt [illegible] transactions proceed smoothly [illegible] are in the interest of [illegible] consumer (so they should be), but what about the thousands of elderly people talked into home [illegible] plans, the thousands [illegible] members of occupational [illegible] schemes persuaded [illegible] transfer [illegible] personal pensions, the thousands of home-owners [illegible] took out endowment mort[illegible] repayment mort[illegible] would have [illegible] more appropriate?

[illegible] a writer [illegible] reports on marketing subjects I [illegible] into [illegible] many industries, all of which [illegible] special prob[illegible] and [illegible] to be misunderstood, but in my experience the life insurance industry [illegible] most obscurantist.

[illegible] self-regulatory organisations all [illegible] often behave more [illegible] trade associations than [illegible] protection [illegible] and [illegible] attending the birth of [illegible] Investment Authority [illegible] augur well for its future.

It has not [illegible] the interest [illegible] the [illegible] consumer [illegible] investment [illegible] protection [illegible] in the world of [illegible] services.

Michael Goldman,
[illegible] Lyndale [illegible]
Blackheath,
[illegible] 7RG

A pessimistic analysis of executive demand

From Mr Chris [illegible]

Sir, Michael Dixon, in his swan [illegible] on [illegible] statistics of executive demand ("Turn of the tide [illegible] firmed", January 19), doubts "annual demand will [illegible] again rise [illegible] tally [illegible]

In [illegible] the reported total demand was 16,309, being [illegible] per cent up on [illegible] and, while the rate at which [illegible] tide [illegible] coming in is as yet uncertain (another couple of quarters information will help), a figure in [illegible] of 19,000 is probable [illegible] (an increase [illegible] more than 17 per cent).

In [illegible] four [illegible] from June 1981 [illegible] June [illegible] index [illegible] (recurring annual [illegible] 19 [illegible] cent) during a period when inflation averaged [illegible] cent (per the [illegible] Prices Index).

At [illegible] stage in the economic cycle, [illegible] initial indications [illegible] previously lagging indicator [illegible] total unemployment [illegible] reacting [illegible] promptly [illegible] increased growth (which, on the [illegible] evidence, is also exceeding expectations), I feel [illegible] analysis [illegible] unduly pessimistic.

This specific [illegible] may, if it is not [illegible] for structural changes in recruitment methodology and employment prac[illegible] (such [illegible] short-term contracting, interim management and temporary executives) fall short of previous highs. [illegible] there are no underlying [illegible]sons why total executive employment in the reactive [illegible] should [illegible] in the previous decade.

What will change [illegible] the means by which executives are obtained, reflecting both the increasingly [illegible] resourcing requirements [illegible] employers [illegible] the relative [illegible] of [illegible] particular businesses and organisations concerned.

As recently [illegible] January 1992, when I was helping a client review [illegible] banking facilities, [illegible] bank [illegible] surprised [illegible] be questioned [illegible] the [illegible] overdraft facility at 0.5 per cent [illegible] rate with [illegible] minimum of 7.625 per [illegible] it could never en[illegible] rates [illegible]ing down [illegible] these levels!

Chris Smith,
chief executive,
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Clifton, Bristol BS8 4DD

Chancellor not backed

From Mr Giles Radice, MP.

Sir, The first paragraph of Peter Norman's otherwise [illegible] ("Cross-party [illegible] MPs backs Clarke's [illegible] policies", January [illegible] of [illegible] Commons Treasury select committee's report on the November budget [illegible] a misleading impression because it implies that opposition [illegible] backed the chancellor's fiscal policies.

In fact, the published minutes [illegible] proceedings of the committee show that we supported two amendments which expressed our fears about the scale of [illegible] tax increases announced [illegible] the last two [illegible]gets, equivalent, as [illegible] chancellor admitted to the committee, [illegible] 7p on the standard [illegible] of tax. We were (and remain) concerned that the severity of these rises [illegible] not only "bear heavily [illegible] vulnerable sections [illegible] society" but also put economic recovery "at risk".

Giles Radice,
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Right road for spending

The British [redacted] has been deservedly hoist on the low [redacted] tion petard with which it undermined [redacted] Labour party [redacted] general election. [redacted] debate, [redacted] entertaining, is not illuminating. If [redacted] to [redacted] significantly lower, public spending *must* [redacted] *be reduced.* [redacted] *such* [redacted] reduction [redacted] require radicalism, something [redacted] unlikely [redacted] the government and [redacted] from the opposition.

The government's rhetoric about the [redacted] public spending [redacted] not prevented the share of general government spending in [redacted] product from returning to where it was [redacted] Mrs Thatcher [redacted] At 45 per cent [redacted] in 1993-94 [redacted] is, in fact, [redacted] percentage point higher than in [redacted] This does not mean that British governments [redacted] in controlling spending: [redacted] periods [redacted] the [redacted] cycle [redacted] was still higher, at [redacted] per cent in 1975-76 and 47½ per cent in 1982-83. It does mean its [redacted] limited.

[redacted] has been particularly limited in [redacted] 1988-89 and 1993-94, general government *spending will* have grown by 16.1 per [redacted] real terms, while GDP will have risen by [redacted] mere [redacted] Against that background, [redacted] only [redacted] to higher taxes would have been [redacted] higher borrowing, [redacted] would [redacted] yet higher [redacted] in future. The government was right to prevent [redacted] outcome, [redacted] painful the consequences.

Higher ratio

Against [redacted] international background, the government's achievement [redacted] that poor. [redacted] *December's Economic Outlook* showed [redacted] every [redacted] state had [redacted] higher ratio of government spending [redacted] GDP in 1993 than in 1979. [redacted] is even [redacted] the unweighted average, which stood at 51.2 per cent [redacted] 1993.

Only [redacted] – [redacted] Japan and the United States – [redacted] ratios below 40 per cent. [redacted] – [redacted] and Sweden – [redacted] ratios above 60 per cent, with [redacted] teetering [redacted] 73.5 per cent. In [redacted] lie [redacted] great majority. Most European [redacted] have ratios [redacted] per [redacted] exceptions [redacted]

Spain and the UK. Germany [redacted] per cent), [redacted] per [redacted] and Italy (54.8 per cent) all [redacted] a somewhat higher burden than [redacted] UK [redacted] per cent in these figures).

The [redacted] also shows where the differences arise. Compared with [redacted] UK, for example, the US *spends* [redacted] *less of its GDP* on publicly provided health [redacted] housing. Compared with the UK, Japan spends [redacted] on defence and income transfers. Again compared with [redacted] UK, Germany spends far more [redacted] transfers, which is still truer of other northern European [redacted]

Core function

Income [redacted] have, in fact, become [redacted] function [redacted] European state, accounting for [redacted] of [redacted] in Sweden in [redacted] in Denmark, [redacted] Germany, but [redacted] per cent in the UK, 11.9 per cent in the US [redacted] only 7.8 per cent [redacted] Japan. In European [redacted] states, provi[redacted] of public goods [redacted] economic services, [redacted] classic functions of [redacted] public sector, [redacted] smaller share of GDP than [redacted] In [redacted] UK, by comparison, [redacted] two elements [redacted] equiva[redacted] size.

Nevertheless, the UK's situation [redacted] so [redacted] from that [redacted] other European [redacted] What [redacted] Department of [redacted] Security in a [redacted] pamphlet calls "social protection" (which includes health), [redacted] GDP in the European Union in 1990. At 23 per cent, the UK's ratio is again below the European average, but [redacted] wildly [redacted] The world's top 10 spenders [redacted] protection [redacted] European [redacted] all [redacted] spiralling costs.

The European [redacted] on a *treadmill. High public spending* necessitates high [redacted] undermine [redacted] and exacerbate poverty traps. These, in turn, lead [redacted] still [redacted] unemployment [redacted] yet higher public spending. If they are to [redacted] off [redacted] treadmill, they will have to be radical. But radicalism is politically risky. [redacted] include [redacted] precisely drawn priorities, greater [redacted] on private provision and more extensive use [redacted] charges. Falling [redacted] radicalism [redacted] governments, all European elec[redacted] will [redacted] grumble [redacted] worsening [redacted] and, of course, higher [redacted]

Cross-Channel shopping

[redacted] the European Union [redacted] duty-free [redacted] on cross-border shopping a [redacted] British [redacted] been quick [redacted] dis[redacted] the pleasures of a single market. Lured by lower prices, they have poured across [redacted] Chan[redacted] up on drink [redacted] tobacco. By some estimates, such purchases accounted for a fifth of all [redacted] bought [redacted] home consumption in Britain [redacted] Christmas.

[redacted] this [redacted] for [redacted] a [redacted] for UK [redacted] *also* [redacted] *problem for the Treasury.* [redacted] has long [redacted] than [redacted] European exchequers [redacted] high [redacted] taxes, which account for most of the [redacted] Channel price [redacted] But [redacted] annual duty rises, [redacted] by [redacted] by the [redacted] diminishing [redacted] As much [redacted] acknowledged in the last Budget, which left rates on [redacted] and spirits unchanged.

[redacted] that has merely prevented [redacted] large discrepancy in retail prices [redacted] widening further. [redacted] as it persists, a strong incentive remains for British shoppers to go abroad, and [redacted] "parallel traders" [redacted] import alcohol [redacted] tobacco cheaply for [redacted] – [redacted] practice which [redacted] illegal but hard [redacted] police effectively. [redacted] point, [redacted] thing [redacted] give.

British brewers, which [redacted] particularly [redacted] of their heavy dependence on [redacted] home market, have seized the opportunity to [redacted] for [redacted] two-thirds cut in beer duties. [redacted] far, [redacted] Treasury is unimpressed, since the proposal would involve foregoing much [redacted] tax revenue than is being lost [redacted] of cross-Channel [redacted] The brewers' solution is also out of proportion to the problem [redacted] pubs, which account for four-fifths [redacted] all beer sales, [redacted] no direct challenge from cheap imports.

Inflated premiums

The growth [redacted] cross-Channel shopping may in time serve to [redacted] decline in pub drinking already under way. [redacted] that is a trend which the brewers have actively encouraged. [redacted] 1980, they [redacted] raised the pub price [redacted] pint, [redacted] tax, 60 per cent [redacted] inflation, [redacted]

above the level in supermarkets. Equally, UK brewers [redacted] charge [redacted] premiums for mainstream continental lager brands have only [redacted] to blame if their [redacted] and profits [redacted] now [redacted]

The pursuit of [redacted] policies, in spite of falling consumption and excess production capacity, [redacted] gests an industry which has grown used to operating in a captive market. That is [redacted] luxury it is less likely to enjoy in future. While there is a strong case [redacted] removing [redacted] anomalies, the aim [redacted] *dis*tortions, [redacted] brewers' profits from [redacted] disciplines [redacted] international competition.

Insular attitudes

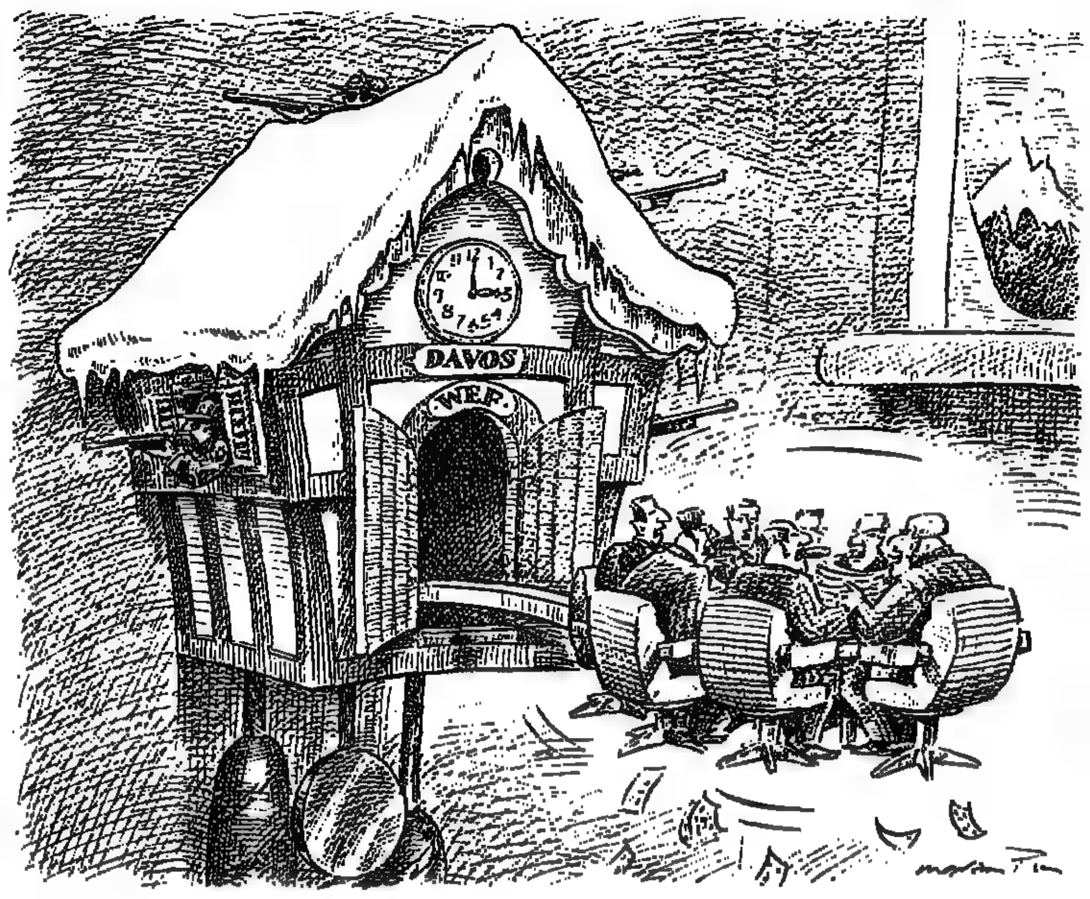
However, insular [redacted] not confined [redacted] producers. The government [redacted] *slow* [redacted] recognise that falling [redacted] barri[redacted] have narrowed [redacted] manoeuvre in indirect [redacted] policy. Indeed, it appeared [redacted] until quite recently [redacted] it could muddle along with its old ways regardless of [redacted] exigencies of Europe's single market. [redacted] the Thatcher administration's insistence in [redacted] building [redacted] hall at [redacted] loo station [redacted] receive arriving Channel tunnel rail [redacted]

Equally nonsensical was [redacted] spectacle [redacted] Mr Norman Lamont, when Chancellor, admonishing [redacted] for discriminating against Scotch whisky exports by taxing them excessively, while subjecting [redacted] drink at home to some of the heaviest taxes in Europe.

In recent months [redacted] cross-border shopping has [redacted] EU members, such [redacted] Denmark, with much higher indirect [redacted] than neighbouring [redacted] them substantially. The pres[redacted] on [redacted] likewise are likely to continue. This is not a comforting prospect for a govern[redacted] struggling to [redacted] already [redacted] budget deficit. But [redacted] least it [redacted] claim to be unprepared. The Thatcher administration, after all, [redacted] much [redacted] competitive [redacted] of low income taxes. Britain [redacted] opposed Brussels' earlier [redacted] to harmonise indirect taxes on the [redacted] the level should [redacted] influenced by [redacted] market.

As the annual economic forum at Davos gets under way, **Ian Rodger** asks whether the reality lives up to the billing

Test of time for a talking shop



Police units from all [redacted] eastern Switzerland rolled into the Prättigau valley in [redacted] northern Grisons last weekend. They are [redacted] tramping [redacted] virtually every Alp within 20 miles of Davos, securing the entire area as if in preparation for war.

[redacted] battles are expected, but [redacted] policemen [redacted] preparing for [redacted] invasion. Starting on Thursday, [redacted] broad cross-section of the world's political, business, academic, media and [redacted] will descend again [redacted] the ugly [redacted] town for [redacted] days of public lectures and panel sessions, private seminars, private deal making and plain [redacted] schmoozing.

The tradition of the Davos jambo[redacted] – the annual meeting of the World Economic Forum – started in January 1971 as a modest, [redacted] gathering of 444 businessmen and academics organised by the then [redacted] school professor, [redacted] Schwab.

In recent years, it has mushroomed into something much grander. Presidents and prime ministers, business tycoons and [redacted] barons all flock there. This weekend, [redacted] 100 private jets will be parked [redacted] Zurich airport and oth[redacted] will have [redacted] be diverted [redacted] St Moritz. What [redacted] all [redacted] people [redacted]

Important things can happen [redacted] Davos. It [redacted] in January 1990 that German chancellor Helmut Kohl met [redacted] German [redacted] Hans Modrow, opening [redacted] door [redacted] German reunification. [redacted] January [redacted] Mandela appeared there on the [redacted] public platform [redacted] F. W. de [redacted] Mangosuthu Buthelezi of the Inkatha Zulu organisation, and renounced [redacted] National Congress's nationalisation policy.

The [redacted] claims [redacted] initiating the [redacted] led to [redacted] Uruguay Round of multilateral [redacted] negotiations which [redacted] in December, having [redacted] up [redacted] informal meeting in [redacted] of leading [redacted] try [redacted]

This weekend, [redacted] Middle [redacted] will [redacted] stage, [redacted] leader Yassir [redacted] Israeli foreign minister [redacted] Peres topping an impressive list of visitors from [redacted] region. There will [redacted] pride [redacted] prime ministers: Narasimha [redacted] from India, Benazir Bhutto from Pakistan [redacted] Viktor Chernomyrdin from [redacted] attending will be Chancellor Kohl and UK [redacted] exchequer Kenneth Clarke.

But despite such a glittering cast, the quality of [redacted] public seminars and panel sessions is usually medio[redacted] with professors [redacted] politicians merely repeating [redacted] positions set [redacted] in their [redacted] or legisla[redacted] campaigns.

[redacted] come mainly [redacted] see each [redacted] privately in a [redacted] atmosphere [redacted] lawyers, spin [redacted] and [redacted] hangers-on. One prominent international banker [redacted] "It's a [redacted] place to meet our [redacted] don't pay any atten[redacted] to the spectacle." Who [redacted] how many commercial disputes have [redacted] or how many prices have [redacted] over [redacted] closed doors of Davos's snow-covered [redacted]

The [redacted] appeal of the gathering [redacted] the world's top people is the security. Thanks [redacted] geography and the meticulous [redacted] police, this is [redacted] place where [redacted] the [redacted] ner[redacted] politician [redacted] plutocrat can [redacted] his bullet-proof vest [redacted] mingle freely.

Participants also appreciate the emphasis put on networking. WEF organisers work [redacted] ensure [redacted] those [redacted] to see who[redacted] they need [redacted] and that everyone who [redacted] something to say has an opportunity to say it.

Aside from [redacted] few formal plenary sessions, the event consists mainly [redacted] small seminars, many behind [redacted] doors, where informality [redacted] argument [redacted] vigorously promoted.

WEF [redacted] from bearing Davos [redacted] a [redacted] conference. "Davos is [redacted] conference; every*one* [redacted] *is an actor,"* [redacted] Livanos Cattaui, [redacted] organisation's [redacted] managing director.

Schwab, the WEF's president and driving force, [redacted] he got the [redacted] in [redacted] late 1960s from reading Jean-Jacques Servan-Schreiber's bestseller, [redacted] *American Challenge.* The [redacted] posited [redacted] business skills were [redacted] far ahead [redacted] elsewhere [redacted] Europe [redacted] soon [redacted] dominated by American multinational companies.

The shy but ambitious Schwab had just completed studies [redacted] the Kennedy School of Government at Harvard, [redacted] opportunity when [redacted] saw it. "I thought, why not get European entrepreneurs together and [redacted] them to the best American [redacted] methods?"

At the first conference, [redacted] John [redacted] and futurist Herman Kahn, members [redacted]

Business [redacted] come mainly to see each other privately in a relaxed atmosphere free from hangers-on

Schwab's network from his Harvard days, [redacted] the drawing cards. The next [redacted] conferences flopped. Schwab muses that, having [redacted] and accepted the new management religion at [redacted] people saw no [redacted] come again.

Then [redacted] oil crisis [redacted] 1973. "We thought we would change Davos into [redacted] place where [redacted] business community could [redacted] its constituents, particularly from [redacted] political side, but also [redacted] unionists and environmentalists," [redacted] recalls.

Casting the [redacted] a little wider did the trick and the [redacted] back. [redacted] membership, consisting of companies willing [redacted] pay $13,000 [redacted] *year* [redacted] for [redacted] institutions), [redacted] grown steadily – even during [redacted] current recession – [redacted] now [redacted] than [redacted]

On top [redacted] the annual fee, members pay $6,500 [redacted] send one person, [redacted] ally their chief executive, to Davos for [redacted] conference.

The annual meeting regularly packs in [redacted] to 2,000 people, [redacted] prising [redacted] member companies, [redacted] invited academics, politicians and senior civil servants, and 300 *media representatives. Schwab* [redacted] dreamed up several other [redacted] and [redacted] his 80 [redacted] busy for the [redacted] of the [redacted] The WEF arranges several mini-Davos[redacted] gatherings, [redacted] about [redacted] country, [redacted] on regional issues, [redacted] most of them successful. Ventures [redacted] magazine publishing and an [redacted] mail system [redacted] so.

[redacted] this activity [redacted] organised from a crowded converted villa overlooking Geneva. Schwab, something [redacted] an intellectual snob, culti[redacted] a campus atmosphere, with himself in [redacted] role of chancellor, coming [redacted] acting as a self-appointed ambassador at [redacted] the world's [redacted] influential people.

[redacted] is [redacted] by [redacted] six-strong [redacted] utive board, all selected in large part for their academic qualifications. [redacted] Cattaui, a 20-year vet[redacted] undisputed field general, *shrieking orders and shouting* down dissent from a large [redacted] the epicentre of [redacted] building. Two other middle-aged women, Macha Levinson and Colette Mathur, help keep things [redacted] an [redacted] keel.

Immediately below them, three intense young men complete [redacted] executive board. Turnover at this level and below [redacted] high, because [redacted] of the work [redacted] drudgery and there is little prospect of advancement.

Still, [redacted] academic environment of the [redacted] headquarters is [redacted] that appeals [redacted] the [redacted] multilingual postgraduates [redacted] hover around Geneva. They hope [redacted] in return for putting in long hours on WEF projects they [redacted] achieve something that might have an impact on the big picture. And there [redacted] chance [redacted] they will. The WEF [redacted] is always scanning [redacted] globe for an opportunity [redacted] play [redacted] role [redacted] the diplomatic stage, using [redacted] independence and Swiss neutrality as calling cards.

The Davos meeting of de Klerk, Mandela and Buthelezi, for [redacted] ple, was [redacted] public conclusion of a lengthy, secret process in which [redacted] WEF, [redacted] request of [redacted] African corporate members, successfully [redacted] in [redacted] building of bridges between [redacted] community and [redacted] ANC.

But even to WEF insiders, it is something of [redacted] mystery how Schwab, a colourless and socially awkward man, manages [redacted] world's great [redacted] good, [redacted] to

Belatedly, the organisation seems to have realised it no longer needs to chase after new members and publicity

[redacted] year after year such a [redacted] spectrum of people. Prestige has [redacted] lot to do [redacted] it. As [redacted] long-time observer says: "When Schwab rings chief executives of [redacted] the world's largest companies, they tend to pick up the 'phone.'"

However, in the past couple of years, many of those same fee-paying corporate members have begun [redacted] complain that the WEF's political interests have become [redacted] dominant. To them, the [redacted] atmosphere of Davos [redacted] been destroyed by the invasion of large numbers of third-world [redacted] eastern European leaders, hoping [redacted] impress both members and [redacted] press with their pleas for aid.

Schwab and his colleagues [redacted] they have heard the grumbling. The Davos agenda [redacted] weekend [redacted] as elevated as ever, with the theme: "Redefining the basic assumptions of the world economy." But the pro[redacted] *more deliberately* focused [redacted] economic and corporate governance issues than in the past three years – topics of [redacted] members.

In addition, WEF staff have been ordered [redacted] concentrate on customer care, preparing personal agendas for most of the 800 [redacted] corporate [redacted] who will attend. The number of media invitations has been cut by half, and politicians have been told they [redacted] no longer welcome unless they leave their retinues [redacted] home.

A similar shake-out is under way with the academic and bureaucratic [redacted] guests. In recent years, some members have felt that Schwab has [redacted] old friends, allowing people such as Henry Kissinger, former US secretary of state, and Karl Otto Pöhl, former Bundesbank president, [redacted] continue playing prominent roles beyond their sell-by dates.

This year, for the first time, the three co-chairmen of the annual meeting – John Bryan, chairman of Sara Lee Corporation, Lee Kuan Yew, senior minister of Singapore, and Hans Tietmeyer, president of the German Bundesbank – are all still in office.

These changes are only the visible tip of a change in WEF policy – [redacted] for quality rather than quantity. Belatedly, the organisation [redacted] to have realised that it has [redacted] sound base and no longer needs to chase frantically after new members and publicity for itself. [redacted] corporate members [redacted] a sufficient *magnet to attract senior govern*ment officials and academics.

Some members feel that the club is already too large, and [redacted] decision has recently been made to limit the membership when it reaches 1,000 and to become [redacted] selective. Schwab says gravely that future corporate applicants will be assessed on the basis of their global presence, their impact on the sector in which they operate, and the intellectual contribution the chief executive can make.

A renewed emphasis on quality is a luxury the [redacted] can now afford after years of expansion. Its finances seem to be on a sound footing, although the organisation displays a typical Swiss reserve [redacted] the subject of money. Last year's report from the president records in a single paragraph that income for 1992-93 [redacted] SFr23.8m (£10.9m), expenditure SFr23.7m, with the SFr100,000 surplus raising the foundation's capital reserves to [redacted]

Membership and conference fees [redacted] up virtually all the foundation's income. [redacted] side, WEF [redacted] vaguely [redacted] gathering alone [redacted] up [redacted] of this [redacted] for renting premises and hiring temporary [redacted] security and [redacted] transportation of members and [redacted]

They claim they pay only [redacted] guests, [redacted] never [redacted] politicians [redacted] office. "In the past 12 years, *we have never paid an honorarium* over SFr5,000," Schwab says. The [redacted] does pay guests' travel and living costs, and occasionally even charters aircraft [redacted] fetch them, notably 100 from Russia last year.

For all [redacted] complaints, the Davos gathering, much like the Group of Seven summit of *leading industrial* nations or the International Monetary Fund annual meeting, has become [redacted] institution. Top people keep coming [redacted] because other top people keep coming to it.

Schwab himself calls Davos a brand, with [redacted] implication that competitor conference organisers would be unable to undermine it unless the [redacted] managed it very badly [redacted] long period.

And [redacted] the complaints about the political circus [redacted] probably [redacted] bit disingenuous. It seems that com[redacted] like [redacted] be able to go home and announce casually [redacted] their colleagues: "As Chancellor Kohl was saying the other day in Davos..."

Many of [redacted] also like [redacted] ski.

Tongue-tied in Frankfurt

Poor old Gunter Baer. The secretary-general of [redacted] European central bank governors' committee was thought [redacted] *have* [redacted] director-general's job at [redacted] European Monetary Institute. His committee had carried [redacted] most [redacted] the functions now transferred [redacted] the EMI and everyone [redacted] think that he had acquitted him[redacted] perfectly well in [redacted] old job.

But [redacted] has now [redacted] prey [redacted] familiar problem for international job hunters. In return for Frankfurt getting [redacted] EMI, [redacted] tighten [redacted] iron grip on [redacted] international financial jobs which matter. Robert Raymond, a [redacted] official, will be nodded through as [redacted] EMI's director-general [redacted] month's council meeting in Basle.

In his early 60s, Raymond is a distinguished form[redacted] head of [redacted] at [redacted] French central [redacted] and currently in charge [redacted] its [redacted] department. Hence no one doubts his ability – [redacted] could save [redacted] European taxpayer big redundancy payments in an institution that [redacted] due to [redacted] abolished if [redacted] when Europe adopts economic [redacted] monetary union.

However, [redacted] job [redacted] supposed [redacted] *be a hands-on affair that could* involve, among other things, a good deal [redacted] negotiation with [redacted] worthies. Pity Raymond can't speak [redacted] lingo.

OBSERVER

Back to basics

■ Funny [redacted] the big jobs in [redacted] business are suddenly being handed out [redacted] unknowns. Volvo's Pehr Gyllenhammar [redacted] been replaced by [redacted] Bert-Olof Svanholm and [redacted] Ericsson's Jan Stenberg has stepped into Jan Carlzon's old slot [redacted] Scandinavian Airlines Sytsmes. A couple [redacted] flamboyant figures would [redacted] hard [redacted] imagine.

Stenberg, a low-key business executive, has spent his [redacted] at [redacted] telecommunications group and Svanholm [redacted] been plucked from [redacted] Swedish industry. But [redacted] times require different types. Carlzon was a super [redacted] who [redacted] proper grip on SAS's costs [redacted] Gyllenhammer's grand visions rarely seemed [redacted] off.

The challenge now is [redacted] ensure that [redacted] two companies can survive long-term after the collapse [redacted] their *ambitious merger plans.* [redacted] signs are that [redacted] will [redacted] on its [redacted] airline and Volvo on [redacted] and trucks.

The new [redacted] the top [redacted] Volvo may [redacted] rather [redacted] but the appointments are a belated recognition [redacted] both [redacted] and Volvo [redacted] finally going [redacted] have [redacted] swallow some of [redacted] unappetising

'We're leaving Essex to [redacted] exiles'

medicine already downed by their counterparts *elsewhere* in [redacted] industry.

Brain dead

■ [redacted] news for [redacted] seedy CD-Rom industry. A Japanese court has ruled [redacted] ban [redacted] strip-tease computer game [redacted] constitutional. Gainax, manufacturers of Electronic Brain Academy Scenario I – [redacted] game in question – failed to persuade [redacted] Miyazaki district court [redacted] the [redacted] violated its freedom [redacted] expression.

The judge ruled that the game, which involved [redacted] schoolgirl removing an item [redacted] clothing each time [redacted] question was answered correctly, "could give rise [redacted] considerable stimulation of sexual feelings in youth". [redacted] would "develop [redacted] young men [redacted] wrong view that girls are [redacted] that exist [redacted] satisfy [redacted] sexual demands". *Back* [redacted] *the drawing* [redacted] presumably.

A pip squeaks

■ The [redacted] over whether Lord Healey [redacted] threatened to "squeeze [redacted] rich until the pips squeak" rumbles on. Healey has [redacted] on [redacted] 369 of [redacted] memoirs but [redacted] phrase still niggles some [redacted] hands [redacted] were around the [redacted] time [redacted] Labour party was on [redacted] brink of power, 20 years [redacted]

Could [redacted] be that Lord Healey made [redacted] remark – [redacted] original [redacted] it was [redacted] against [redacted] the Treaty [redacted] Versailles – off [redacted] record? Then [redacted] would never have said it.... officially.

Portcullis lowered

■ [redacted] John Major's counter-attack commenced? [redacted] Portillo could [redacted] forgiven for thinking [redacted] Despite Downing [redacted] insistence that the [redacted] secretary's [redacted] speech condemning national cynicism had John Major's full support, someone in No 10 seems to think Portillo [redacted] adopt [redacted] lower profile.

Portillo planned [redacted] deliver another hard-hitting address – this [redacted] Britain's place [redacted] Europe – [redacted] weekend. [redacted] officials at [redacted] scored red lines through several key passages of the draft version. Portillo concluded that [redacted] nothing [redacted] worthy [redacted] *releasing,* so the speech [redacted] unreported.

That's [redacted] defeats in [redacted] week; [redacted] days earlier Portillo's opposition [redacted] London's cross-rail transport project was publicly over-ruled by Major. The big [redacted] are stirring...

Front stalling

■ What will the Maxwell pensioners think of the latest wheeze dreamed up by Price Waterhouse, [redacted] accountancy firm [redacted] partners are administrators [redacted] Maxwell [redacted] Corporation? Plans are afoot [redacted] invite all the members of the Maxwell creditors' committee for a good night out to [redacted] – Maxwell: the [redacted] Revue.

Mark Homan, PW's [redacted] of insolvency, insists that *were* such [redacted] take place, [redacted] would be paid for from the firm's marketing budget, and not from the professional [redacted] the insolvency. Of course, though, given the total bill from accountants, lawyers and bankers [redacted] likely to run [redacted] than [redacted] they [redacted] probably buy the theatre.

FINANCIAL TIMES
Tuesday January 25 1994

EU enlargement deal may miss target date

By David Gardner [illegible] Brussels

Negotiations [illegible] bring Sweden, Austria, Finland and Norway into the European Union now look unlikely to [illegible] completed by the March 1 deadline required for [illegible] enlargement to [illegible] place as planned in January [illegible] year.

With five [illegible] to go, progress on crucial [illegible] such as agricultural [illegible] is slowing, negoti[illegible] on [illegible] sides acknowledge. Moreover, opinion inside [illegible] European parliament, which [illegible] treaties, is hardening against "fast-track" ratification.

Because of [illegible] the parliament in June, [illegible] Strasbourg assembly has [illegible] March 10 [illegible] the last [illegible] by which MEPs [illegible] examine enlargement in time for [illegible] in [illegible] of the four countries later [illegible] year.

Senior EU [illegible] now believe [illegible] possible [illegible] reach [illegible] outline agreement next [illegible] the main outstanding [illegible]. But [illegible] that "there is no majority in the [European] parliament for the fast track" in the negotiations.

If Strasbourg insists on waiting for completed treaties, the official said, membership for Austria, Sweden and Finland could be delayed [illegible] mid-1995, [illegible] for Nor[illegible], which [illegible] obstacles [illegible] until January [illegible].

There [illegible] nothing in EU law which requires Strasbourg to [illegible] completed [illegible] starting ratification, [illegible] say. But with MEPs clearly in the mood to [illegible] the new muscle they acquired from the Maastricht treaty, they are reluctant to [illegible] rubber-stamping "headline" agreements [illegible] by the Coun[illegible] Ministers [illegible] the Twelve.

[illegible] Jean-Pierre Cot, leader of Socialist MEPs, [illegible] in [illegible] daily Dagens Nyheter that parliament's approval [illegible] not realistic before September, "even if [illegible] negotia[illegible] concluded by March 1994".

A [illegible] hopeful EU diplomat pointed [illegible] the achievement of reaching last December's deadline to conclude [illegible] Uruguay Round, seen as improbable only [illegible] earlier.

Less sanguine Brussels diplomats point to the sequence of missed Gatt [illegible] the missed deadlines and extra Euro[illegible] summits [illegible] to conclude previous enlargements in 1973, 1981 and 1986.

The [illegible] presidency of the EU is prepared to call a special summit next month if [illegible] likely. But negotia[illegible] senior [illegible] Friday failed to yield hoped-for breakthroughs on agriculture [illegible] regional subsidies.

Norway, [illegible] raised the stakes by saying in writing that it cannot accept [illegible] objections [illegible] hunting of [illegible] and [illegible] – an [illegible] clouding already complicated negotiations [illegible] Oslo [illegible] farming, [illegible] and oil and [illegible] exploration rights.

UK's fast rail link route to Channel announced

By [illegible] Batchelor and [illegible] Brown in [illegible]

The final route of Britain's long-delayed [illegible] rail link between London and the Channel tunnel was announced yesterday in [illegible] will remove planning blight from hundreds of [illegible] and clear [illegible] for the UK government to bring in private sector partners.

The £2.6bn [illegible] project has been dogged by delays and route changes for nearly [illegible] decade and [illegible] not expected [illegible] be completed before 2002 – [illegible] completion of [illegible] rail links on the French side of the Channel.

Mr John MacGregor, UK [illegible]port secretary, confirmed that the government [illegible] provide more funds for the project [illegible] originally expected, but [illegible] the exact amount would depend [illegible] negotiations with the private sector.

The [illegible] link into London will cut [illegible] than [illegible] minutes [illegible] journey [illegible] and relieve [illegible]sure [illegible] commuter net[illegible] in [illegible] England.

Two small [illegible] of the route have still [illegible] finalised but [illegible] government can [illegible] start preparing legislation.

The main decisions [illegible] announced by [illegible] MacGregor [illegible]

- The choice of [illegible] Pancras rather than King's Cross [illegible] north London terminal [illegible] the line;
- A two-mile extension [illegible] a planned tunnel running into Islington in central London [illegible] hundreds of homes from demolition or high levels of noise;
- Two [illegible] short tunnel [illegible]tions in Kent [illegible] villages [illegible] disruption.

However, [illegible] final [illegible] been taken on [illegible] line of the [illegible] at [illegible] and at Gravesend in [illegible], while the [illegible] an intermediate station has [illegible] been left to [illegible] private developers who will part-finance the line.

[illegible] need to be [illegible] acquired to [illegible] route, Mr [illegible]Gregor said, although more may be affected by [illegible] of [illegible].

The government plans to have legislation authorising [illegible] line ready by autumn but is resigned [illegible] two-year battle to get it through parliament.

Ministers drew [illegible] from the muted [illegible] of Kent's Conservative MPs, in sharp [illegible] that followed the [illegible] of the proposed line in [illegible].

[illegible] Andrew Rowe, Conserva[illegible] MP for Mid Kent, said: "My [illegible] have already lived in blight for five [illegible] they [illegible] very likely [illegible] live in blight for [illegible] 10 years."

Heading for rough country

[illegible] Page 1

individual responsibilities [illegible] social issues aimed both at minorities [illegible] mid[illegible] class. Tonight's [illegible] is likely [illegible] draw heavily [illegible] October [illegible] Luther King's [illegible] church in [illegible] he urged communities [illegible] wait for [illegible] government [illegible] all their problems.

This theme [illegible] party lines and underpins Mr Clinton's claim [illegible] "new kind [illegible] crat" practising simultaneously [illegible] responsibility and [illegible] tough, [illegible] caring, approach [illegible] social problems, including crime (he may well endorse [illegible] populist drive [illegible] impose mandatory life [illegible] anyone convicted of [illegible] violent offences).

Interconnected inside this framework [illegible] the component parts of [illegible] agenda, which, he [illegible] convinced, with [illegible] justification, [illegible] broadly what [illegible] country wants and needs. Several recent polls have found crime and healthcare have supplanted the economy, the focus of [illegible] first year, [illegible] the dominant [illegible].

[illegible] likely [illegible] domestic [illegible] will dwarf foreign policy in tonight's address. Whatever [illegible] apparent [illegible] the public, into which [illegible] finely tuned, [illegible] follow the [illegible] and turns in [illegible] and Bosnia.

A Washington [illegible] poll pub[illegible] the weekend [illegible] 67 per [illegible] with [illegible] duct of external relations, [illegible] though [illegible] hypercritical Washington establishment fumes daily [illegible] shortcomings [illegible] his foreign policy team's performance.

Thus it [illegible] sufficient for him merely [illegible] point to the [illegible] victory and Uruguay Round [illegible] accord, [illegible] promise [illegible] maintain pressure [illegible] Japan [illegible] open its markets, [illegible] highlight Nato's [illegible] approach [illegible] former Warsaw Pact countries and [illegible] re-emphasise his commitment to democracy and reform in Russia and elsewhere in eastern Europe.

Bee keepers' plea to EU

Continued [illegible] Page 1

producing [illegible] of Spain, Germany and [illegible] and that [illegible] producers [illegible] the ones blocking [illegible] for [illegible]guard [illegible] against cheap imports.

Mr John Home, a British [illegible] keepers' leader who, dressed as [illegible] bee, was received by [illegible] Gillian Shephard, UK agriculture minister, complained [illegible] EU apiculturists had to pay three times as much [illegible] their competitors for the sugar they feed [illegible] in winter.

Ah yes, one quick-witted EU diplomat said, but [illegible] is [illegible] we are [illegible] enough [illegible] sugar, creating a surplus at inflated prices. Perhaps Einstein would have suggested offloading some of the surplus [illegible] on to the bee keepers, sweetening a sticky situation.

Japanese stocks fall

[illegible] from [illegible] 1

divided [illegible] minority who seek a watered-down [illegible] the political [illegible] plans – [illegible] leadership's official line – [illegible] majority [illegible] have strong reser[illegible] over the proposed aban[illegible] Japan's multi-seat constituency system.

In one [illegible] sign [illegible] possible [illegible] the leadership of the Social Democratic party, [illegible] largest coalition partner, [illegible] it [illegible] ready [illegible] LDP.

If, [illegible] likely, [illegible] get [illegible] agreement by the end of [illegible] present parliamentary session on Saturday [illegible] midnight, the bills will expire. Mr Hoso[illegible] will then be under [illegible] carry out [illegible] implied promise [illegible] resign, although [illegible] is Japan's most popular politician.

Political observers believe [illegible] if Mr [illegible] does resign, he would hand [illegible] prime ministership to a leading member of [illegible] seven-party coalition, rather [illegible] call [illegible] election.

Mr Tsutomu [illegible], foreign minister [illegible] of the Japan Renewal party, [illegible] up [illegible] June by [illegible] from the LDP, or Mr Masayoshi Takemura, leader [illegible] Harbinger party, another former LDP splinter group, are thought [illegible] front runners [illegible] job.

On the Tokyo [illegible] market, traders expect further turbulence this week [illegible] the uncertainty surrounding Mr Hosokawa's efforts to formulate [illegible] compromise [illegible] of [illegible] reform bills by Saturday. "There's [illegible] knowing how much the market could fall if Mr Hosokawa [illegible] forced [illegible] resign," warned Mr Takashi Kanasaki, a director at Yamaichi Securities.

[illegible] foreign exchange, political worries [illegible] prompted selling of the yen against the dollar. [illegible] closed Y0.80 down against [illegible] dollar [illegible] Y112.10.

THE LEX COLUMN

The capacity to recover

FT-SE Index: [illegible] (-2.8)

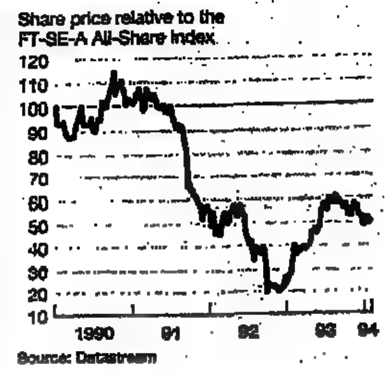
Manufacturing industry could hardly be doing better, according to the CBI. Demand is growing, albeit slowly. Export prospects have taken only [illegible] limited knock from sterling's rise against the D-Mark. The strength of the US economy helps, especially since sterling is weaker against the dollar than when the [illegible] survey [illegible] taken. But export optimism also reflects the steepest fall in unit [illegible] 1958 which is helping [illegible] boost margins despite weak price rises.

Less clear is the extent to which cost-cutting [illegible] resulted in capacity being scrapped. A striking feature of [illegible] survey is the speed with which capacity [illegible] risen. Only 57 per [illegible] of respondents [illegible] operating below capacity compared with [illegible] per [illegible] a year [illegible] reason [illegible] be that the official figures understate the [illegible] level of output and demand, but [illegible] sits badly with weak prices. Another may [illegible] a slimmed-down capacity is being used more [illegible]ciently. Operational gearing would then [illegible] mainly responsible for [illegible] downward [illegible] on costs.

Capacity [illegible] continue to grow at this rate without running up against constraints. Though not an [illegible] problem, it [illegible] forting to [illegible] stronger evidence of investment growth. [illegible] survey [illegible]gests most [illegible] investment [illegible] still designed [illegible] improve efficiency [illegible] add capacity. Worry about inadequate return [illegible] a deterrent. That could [illegible] because real [illegible] still too high. But many [illegible] may still not have adjusted expectations of nominal return [illegible] new low-inflation environment.

British Aerospace

Share price relative to the FT-SE-A All-Share Index



Source: Datastream

British Aerospace

Talks between British Aerospace and Honda [illegible] the ownership of Rover might [illegible] little [illegible] stage of [illegible] cycle. After all, Rover [illegible] invest in [illegible] – [illegible] recently the Rover 600 – and work hard to cut working capital in order to get through the recession. [illegible] Rover [illegible] now gaining [illegible] share, should [illegible] and [illegible] the benefits of [illegible] hard work?

[illegible] BAe [illegible] free of any other constraints that might [illegible] true. But the capital-intensive [illegible] of the [illegible] industry means that companies [illegible] rarely [illegible] away from the demands of [illegible] development. While [illegible] begin [illegible] swing into profit, sub[illegible] generation to fund [illegible] BAe projects [illegible] merely a nice [illegible]. Meanwhile, Rover's working capital requirements [illegible] significant. Thus far, Honda has had the comfort of [illegible] cent equity holding without having [illegible] any [illegible] Rover's financing [illegible]. An agreement on [illegible] co-operation which [illegible] sharing that burden would free [illegible] some [illegible] capital for use in [illegible] parts [illegible]. [illegible] were accompanied by a sale of Rover equity [illegible] book value [illegible] would [illegible] help underpin [illegible] bal[illegible]. That [illegible] particularly useful [illegible] time when BAe may wish [illegible] provisions against [illegible] on [illegible] turboprop aircraft [illegible].

[illegible] too [illegible] discussions. Gradually closer links between manufacturers [illegible] part [illegible] the Japanese [illegible] business. [illegible] cementing the [illegible] companies [illegible] tightly [illegible] help Honda [illegible] potential European competitor.

Aluminium

[illegible] hoping for [illegible] quick [illegible] to [illegible] problem [illegible] overcapacity in aluminium may [illegible] disappointed. The draft memorandum [illegible] emerged from [illegible] nego[illegible] producing countries stops short [illegible] allocating capacity reductions among continents, let alone companies. That may [illegible] about anti-trust legislation in the US and [illegible] reluctance of [illegible] be tied down without a firm com[illegible] western [illegible]. [illegible] vague wording will make [illegible] difficult [illegible] – always [illegible] that governments [illegible] draft by Friday's deadline.

The danger must be that the metal's price rises in anticipation of [illegible], but the memorandum allows producers enough latitude to back [illegible]. While the fall in aluminium yesterday suggests a healthy scepticism among commodities [illegible] equity markets appear to be taking a stronger aluminium price for granted. Péchiney's shares have risen by 40 per cent since the autumn, Alusuisse by only slightly less. In North America, Kaiser and Alcan have matched that performance.

While all producers would gain from a stronger aluminium price, the benefit would not be spread evenly. As a net buyer of aluminium, Alusuisse could find its margins squeezed unless the price of fabricated products also rises. With Europe in deep recession, [illegible] cannot be taken for granted. Exporters [illegible] alumina and bauxite into [illegible] – [illegible] chief among them – stand [illegible] valuable market if Siberian [illegible] closed.

Newspaper Publishing

The battle for control of The Independent and The Independent [illegible] Sunday [illegible] currently being [illegible] between paper tigers. We have been treated to the rather rum sight of a group of directors avoiding the rest of the board while they prepared a bid. Now a consortium of the founder-directors, El Pais, La Repubblica and the Mirror Group have announced an intention to bid, yet no firm offer is on the table.

The consortium also looks slightly odd given that the continental Europeans will have voting control, while Mirror Group will be a substantial minority shareholder with long-term production contracts. The extra cash to be subscribed for promotion also seems likely to be debt, presumably to avoid diluting the founders. That can only be sustained provided cost savings can return the newspapers to cash neutrality. If there is a continuing need for the consortium to inject money, the debt could quickly become equity. Since the Mirror can offer substantial logistical support, there are reasons to believe that its consortium can produce the papers at a lower break-even point than many potential suitors. That may also imply that they can offer a better price. But the rumours of a bid [illegible] Mr Tony O'Reilly continue [illegible] swirl thickly. Whatever the niceties, the board of Newspaper Publishing will have little to go on but price. Bids have been lost before with the support of 47 per cent of the shareholders. Mr Andreas Whittam Smith has not won yet.

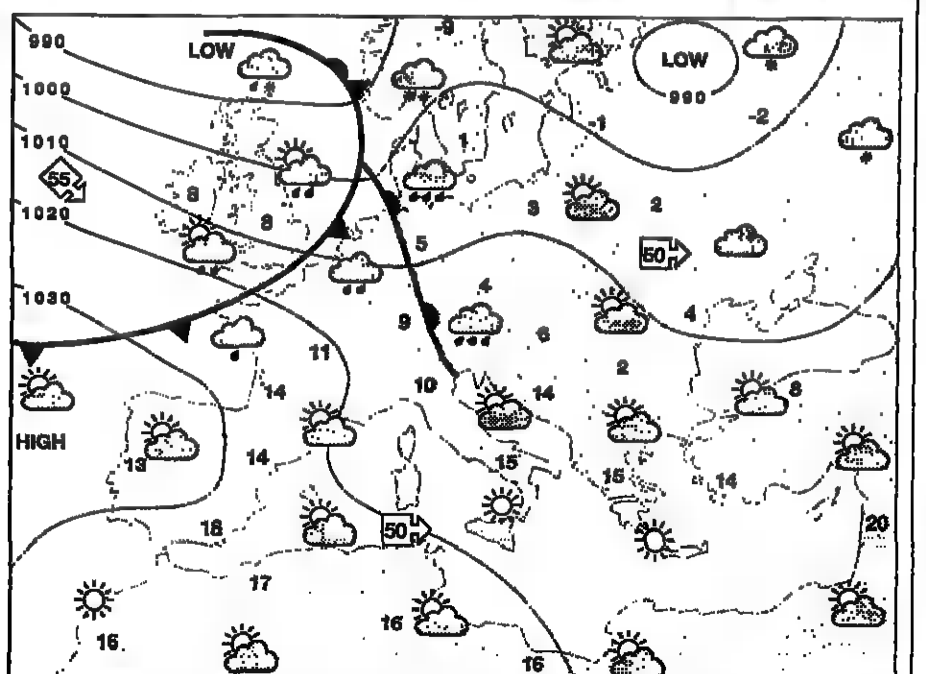
FT WEATHER GUIDE

Europe today

[illegible] system [illegible] with complex low [illegible] Iceland and [illegible] will give [illegible] in [illegible] Europe. [illegible] with [illegible]. The [illegible] will [illegible] rain in the morning. [illegible] will [illegible] mainly cloudy with rain [illegible] drizzle [illegible] snow in [illegible] mountains. The Alps will [illegible] cloudy with [illegible] rain and [illegible] especially in northern parts. [illegible] very windy with showers, [illegible] wintry, in the north and [illegible]. The [illegible] will [illegible] in [illegible] Spain [illegible] Italy.

Five-day forecast

[illegible] conditions will prevail from [illegible] northern France. [illegible] times, [illegible] will be rain [illegible] strong westerly [illegible] British Isles, [illegible] and [illegible] Europe. Temperatures will [illegible] freezing over [illegible]. The [illegible] will [illegible] the [illegible] part will [illegible] week.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	23
Accra	fair	32
Algiers	fair	18
Amsterdam	rain	10
Athens	sun	14
B. Aires	shower	25
B.ham	shower	9
Bangkok	fair	32
Barcelona	sun	16
Beijing	sun	-2
Belfast	shower	6
Belgrade	cloudy	3
Berlin	rain	4
Bermuda	fair	21
Bogota	fair	21
Bombay	fair	34
Brussels	rain	11
Budapest	cloudy	6
C.hagen	rain	3
Cairo	shower	16
Cape Town	fair	26
Caracas	cloudy	27
Cardiff	shower	9
Chicago	snow	-1
Cologne	rain	9
D' Salaam	shower	31
Dakar	fair	21
Dallas	cloudy	22
Delhi	hazy	24
Dubai	fair	23
Dublin	shower	8
Dubrovnik	fair	14
Edinburgh	rain	7
Faro	sun	18
Frankfurt	rain	7
Geneva	rain	9
Gibraltar	sun	18
Glasgow	shower	6
Hamburg	rain	4
Helsinki	fair	-5
Hong Kong	cloudy	21
Honolulu	fair	28
Istanbul	fair	8
Jersey	rain	11
Karachi	fair	25
Kuwait	fair	19
L. Angeles	fair	15
Las Palmas	fair	18
Lima	cloudy	27
Lisbon	sun	15
London	shower	11
Lux.bourg	rain	9
Lyon	rain	10
Madeira	cloudy	16
Madrid	fair	14
Majorca	fair	17
Malta	fair	16
Manchester	shower	8
Manila	cloudy	29
Melbourne	fair	37
Mexico City	sun	17
Miami	shower	27
Milan	fair	9
Montreal	snow	-14
Moscow	snow	-1
Munich	rain	5
Nairobi	fair	28
Naples	sun	15
Nassau	shower	27
New York	rain	2
Nice	fair	16
Nicosia	fair	13
Oslo	snow	-2
Paris	shower	11
Perth	fair	24
Prague	rain	4
Rangoon	fair	32
Reykjavik	cloudy	-6
Rio	thund	30
Riyadh	sun	22
Rome	sun	15
[illegible] Frsco	shower	11
Seoul	cloudy	0
Singapore	shower	30
Stockholm	fair	-2
Strasbourg	rain	10
Sydney	fair	25
Tangier	sun	18
Tel Aviv	shower	14
Tokyo	rain	11
Toronto	cloudy	-18
Tunis	fair	17
Vancouver	rain	8
Venice	sun	8
Vienna	shower	6
Warsaw	cloudy	3
Washington	ice	2
Wellington	fair	21
Winnipeg	fair	-24
Zurich	rain	8

FINANCIAL TIMES

COMPANIES & MARKETS

 Tuesday January 25 1994

IN BRIEF

Lonrho hotel stake falls in value

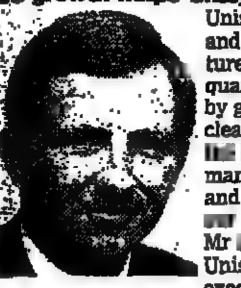
Lonrho, [illegible] international trading group, will today disclose that the value of its holding in Metropole Hotels has fallen by around [illegible] ($266m), almost exactly what Libya paid for its one third stake in the hotels group less than two years ago. Page 22

Eyes on the prize
Italy's biggest taxpayer is a modest man from a Milan orphanage. Luxottica, his company, is the world's leading maker of spectacle frames. Page 22

Norton to make a comeback
Norton, a nostalgic name in British motorcycling, is set to make a comeback as a listed company via a reverse takeover in the [illegible]. Page 22

Fight over paper prices
An intense struggle is unfolding between the world's pulp and paper producers and their customers. The producers want price rises but customers are putting up a fight. Page 23

US growth helps Unisys



Unisys, the US computer and electronics manufacturer, reported [illegible] fourth-quarter results, [illegible] by growth in the US. "We clearly achieved one of [illegible] financial performances in our industry and [illegible] very pleased [illegible] year-end results," [illegible] Mr [illegible] Unruh (left), Unisys chairman and [illegible] executive. Page [illegible]

PaineWebber [illegible] Smith Barney advance
A surge in income from [illegible] and investment banking [illegible] helped [illegible] up [illegible] at both [illegible] Barney Shearson, part of the [illegible] group. [illegible]

Harsh realities behind the China fad
Even by the standards of the faddish fund management industry, the obsession with China funds has been extreme. But there are harsh realities. Page 25

Menzies ahead on improving trend
Menzies, [illegible] retail and wholesale chain, increased interim pre-tax profits to £6.3m [illegible] £3.8m. Mr John Menzies, chairman, [illegible] the results showed the improving trend of the last few years. Page 27

Tring to pay EMI
Tring International, the [illegible] price compact disc company, has agreed to pay £20,000 ($29,600) to EMI Music, [illegible] had sued it for [illegible] copyright. Page 27

McDonnell Information [illegible] to offer
[illegible] Systems, a [illegible] computing services company [illegible] Hempstead, is hoping to raise £150m ($222m) through a long-anticipated full public offering. Page 29

Amber Day forgets the past
Amber Day Holdings has changed its name [illegible] WEW Group – named [illegible] the UK discount retailer's chain of stores, What Everyone [illegible] – and is hoping to [illegible] "a clear separation with the past". Page 28

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)		
Rises				Rises		
[illegible]	333	+	7	AGF	[illegible]	[illegible]
Leiferwerke	730	+	15	[illegible]	[illegible]	[illegible]
Falls				[illegible]	236	+ 11.5
Bil & Berger	[illegible]	-	15	Falls		
GEHE	466	-	10	Cr Nationale	[illegible]	[illegible]
Hochtief	955	-	15	Ecco	855	- 11
NEW YORK ($)				TOKYO (Yen)		
Rises				Rises		
Advanced Micro	20¾	+	1	[illegible]	327	+ 23
Caterpillar	101⅛	+	2½	Daiei [illegible]	[illegible]	+ 34
Chevron	92⅞	+	1⅝	Falls		
Ciba	24	+	1¾	Fujitsu	938	- 41
IBM	57⅝	+	2¾	Ind Bank Japan	3060	- 170
Falls				Mitsubishi Bank	2840	- 160
Digital	33	-	1	[illegible]	5660	- 280
New York prices at 12.30.						
LONDON (Pence)						
Rises				Mitie	[illegible]	+ 54
Astec	58	+	7	Proudfoot	[illegible]	+ 9
Bett Bros	150	+	23	S & U	[illegible]	+ 17
Dixon Motor	225	+	15	St James Place	[illegible]	+ 15
Ertis	73	+	6	Telepac	259	+ 11
Evans Motor	168	+	8	Falls		
Excalibur	15	+	6½	Archer (A)	79	- 3
Hartington	20	+	4	Barratt Homes	150	- 12
Hobson	31	+	2½	Huntingdon	119	- 26
Jacobs (J)	176	+	7	Molynx	[illegible]	- 11½
MEI Furniture	7½	+	2			
Medeva	854	+	30			
Menzies (J)						

Christiania and Fokus in merger talks

By Hugh Carnegy in Stockholm

Christiania Bank [illegible] Fokus Bank, [illegible] of Norway's biggest banks, have opened talks [illegible] proposed merger, leading [illegible] of the biggest [illegible] of Norway's [illegible] banking sector [illegible] it plunged [illegible] a loan loss crisis [illegible] turn of [illegible] decade.

The [illegible] said Fokus, the smaller of the two, [illegible] following a decision [illegible] assess [illegible] alternatives [illegible] remaining free-standing.

Fokus, which [illegible] taken [illegible] by [illegible] in 1991, was [illegible] the hardest hit banks [illegible] remains burdened by credit [illegible] despite a sharply improved performance during [illegible] in a [illegible] profit [illegible] months.

A merger with Christiania, [illegible] owned by the state, is understood to be one of the options canvassed for streamlining [illegible] banking system [illegible] a confidential report commissioned by the authorities from Davis International Banking Consultants of the UK.

However, a report in a Norwegian [illegible] yesterday [illegible] an Oslo brokerage [illegible] working on an alternative proposal whereby [illegible] would be kept independent through a [illegible] recapitalisation package raised from a [illegible] of domestic [illegible] foreign investors. Orkla Finans, [illegible] to be the broker involved, refused [illegible] comment yesterday. Christiania Bank, [illegible] country's second largest by [illegible] value, [illegible] saw the potential for a broadly based [illegible] strong regional connections. Fokus [illegible] concentrated along Norway's west coast, [illegible] office in Trondheim.

A merger would [illegible] biggest since [illegible] norske Creditbank [illegible] Bergen Bank were merged to [illegible] norske [illegible] 1990. But Christiania, which last [illegible] launched a [illegible] issue [illegible] part of [illegible] re-privatisation process, stressed the talks with Fokus were [illegible] an early stage.

Christiania [illegible] it was [illegible] early [illegible] how long [illegible] talks would take, [illegible] what [illegible] conclusion would be. Analysts [illegible] a [illegible] would effectively [illegible] a takeover of Fokus by Christiania. They estimated [illegible] price of [illegible] at around [illegible].

Fokus, Norway's fourth largest bank, [illegible] shrunk since it [illegible] by [illegible] mainly in fisheries [illegible] farming industries. About NKr6bn of its total assets of [illegible] for sale, grouped [illegible] a unit called Project Bank.

US appetite to buy cut-price Euro Disney debt

By Alice [illegible] in [illegible]

[illegible] Disney, the financially crippled leisure [illegible] the new threat of a growing secondary [illegible] in [illegible] following [illegible] sale at a "distressed" price of a second parcel [illegible] its loans by one of the original creditors.

[illegible] transaction, believed to have been concluded last week, follows the sale earlier this month of a FFr130m [illegible] portion of [illegible] by Midland Bank. The second deal, according to market [illegible] involved less than FFr100m [illegible] loans and was struck [illegible] around 60 [illegible] cent [illegible] original value, roughly the [illegible] price [illegible] the first sale.

The [illegible] executed by [illegible] institutional investors [illegible] had identified Euro Disney [illegible] a long-term recovery stock. Analysts reported strong [illegible] for Euro Disney loans on the buoy[illegible] secondary debt market.

MJ Whitman, a [illegible] York-[illegible] broker, [illegible] today staging a presentation in Paris for Euro Disney's creditor banks [illegible] the hope of persuading them [illegible] sell their debt for a "distressed" price to its clients. It expects 20 of [illegible] to attend.

"There [illegible] considerable interest in Euro Disney [illegible] on [illegible] secondary market," [illegible] Andrew Arthur, Whitman managing director. "This [illegible] is well developed in [illegible] US but [illegible] embryonic [illegible] Europe. [illegible] want to explain [illegible] nature of the [illegible] banks so they understand what opportunities exist."

[illegible] Arthur claimed that [illegible] man [illegible] already identified prospective purchasers for "more than half" of Euro Disney's FFr20.3bn [illegible] debt. Another US debt broker said: "There's a [illegible] shortage of interesting distressed investments right [illegible]. That's why Euro Disney seems so attractive. The only problem is persuading the original creditors to sell."

But further selling of Euro Disney debt could imperil the restructuring by destabilising [illegible] negotiating process. "It certainly isn't going [illegible] make [illegible] restructuring any easier," said Ms Rebecca Winnington-Ingram, lei[illegible] analyst [illegible] Morgan Stanley in London. "Not least because [illegible] almost certain to be tougher and harder in negotiations than the old ones."

[illegible] of a secondary market in [illegible] loans comes at a critical time for Euro Disney, [illegible] poised to start full-scale negotiations with its banks [illegible] of [illegible] emergency financial restructuring.

Stenberg to pilot loss-making SAS

By Christopher Brown-Humes in [illegible]

Mr [illegible] Stenberg yesterday [illegible] on the challenge of piloting a [illegible] course for Scandinavian Airlines System (SAS) when [illegible] agreed [illegible] become [illegible] airline's [illegible] executive from April 1.

His appointment comes [illegible] the collapse [illegible] SAS's attempt to [illegible] with three European airlines – [illegible] project – and when the carrier [illegible] facing restructuring [illegible] stem heavy losses.

Mr Stenberg will succeed Mr Jan Reinas, [illegible] became [illegible] stop-gap chief executive [illegible] September following the resignation of [illegible] Carlzon. Mr Carlzon stepped [illegible] 12 years at [illegible] group's helm [illegible] devote all his energies to bringing Alcazar [illegible] fruition and [illegible] would [illegible] return if [illegible] plan failed.

Mr Stenberg, 54, [illegible] spent his [illegible] career [illegible] Swedish telecommunications group Ericsson, where he was extensively [illegible] in [illegible] restructuring. [illegible] is Ericsson's executive vice-president [illegible] a member [illegible] company's corporate [illegible] tive committee.

[illegible] airline [illegible] aiming [illegible] cut [illegible] by up [illegible] SKr2.5bn (£202m) [illegible] restore profitability. It [illegible] SKr1.13bn pre-tax in [illegible] first nine months of [illegible] but hopes [illegible] overall [illegible] the year will [illegible] slightly lower than the [illegible] loss of [illegible].

Mr Stenberg said [illegible] priority [illegible] to drive through the rationalisation [illegible]. This [illegible] job losses, [illegible] of aircraft, route closures and the disposal of [illegible] businesses.

"I [illegible] a vision of [illegible] as a profitable airline both within Scandinavia [illegible] beyond it," he [illegible]. [illegible] airline would focus on [illegible] flying operations.

This will shift it from [illegible] diversification espoused by [illegible] Carlzon when [illegible] activities spread to hotels, [illegible] and catering.

However, Mr Stenberg suggested the [illegible] for collaboration with other airlines would [illegible] in [illegible] to intense competition. In particular, [illegible] highlighted a possible deepening of co-operation with Swissair and Austrian Airlines, [illegible] group's two partners in the European Quality Alliance. Alcazar envis[illegible] a full [illegible] with Swissair, Austrian [illegible] Royal [illegible] Airlines.

He [illegible] his experience [illegible] Ericsson equipped him well [illegible] SAS, [illegible] both sectors [illegible] characterised by tough competition and deregulation.

Ian Rodger reports on the world's most highly valued drugs group

Roche finds new meaning post-Valium

Roche [illegible] back. The big Swiss drugs group has staged a remarkable recovery to the head of its [illegible] following a long [illegible] case of post-Valium depression.

The publication last week of [illegible] ranking of Europe's top companies revealed that Roche had risen to become the third largest [illegible] a market value of $35.7bn, exceeded only by [illegible] Telecom and Royal Dutch/Shell.

This followed another milestone last September [illegible] group surpassed Merck [illegible] the US to become the world's [illegible] highly valued drugs group, a rank it had not held since the peak of [illegible] tranquiliser boom in [illegible] 1960s.

[illegible] – [illegible] remembered by some [illegible] prosecution of a British former employee who exposed its vitamin price fixing practices in 1973 – has achieved this comeback at a time when the profits [illegible] prospects of [illegible] big pharmaceuticals groups are suffering from government [illegible] to rein [illegible] spending.

Roche sales jumped 11 [illegible] to SFr14.3bn ($9.8bn) last year, [illegible] successive year of double digit growth, [illegible] income is estimated [illegible] SFr2.54bn, a [illegible] above [illegible] 1992 level.

Investors believe that the group has several more years of double digit profit growth in store, [illegible] have bid up the shares [illegible] earnings, well [illegible] of other leading drugs [illegible].

The [illegible] for this optimism is Roche's chock-full pipeline of new products.

[illegible] group's extraordinarily strong [illegible] sheet, with [illegible] securities believed [illegible] total about SFr20bn, is [illegible] much valued at a time [illegible] the pressures on competitors might yield a once-in-a-lifetime acquisition opportunity.

All this is a long [illegible] from [illegible] Sacher, the orchestra conductor [illegible] musical philanthropist who [illegible] controlling [illegible] family interests [illegible] on Mr [illegible] Gerber, a prominent Swiss industrialist, to [illegible] executive chairman.

[illegible] Sacher [illegible] that the phe[illegible] success of [illegible] Librium [illegible] the group's dynamism, [illegible] the impending expiry [illegible] patents [illegible] tranquilisers [illegible] its future. Mr Gerber [illegible] the [illegible] with few profitable products other [illegible] tranquilisers, [illegible] a research department that [illegible] nothing coming along.

As it takes 10 years to bring a new drug to market, he did a deal with Glaxo whereby the British [illegible] use Roche's large sales force in the US to sell its [illegible] new anti-ulcer drug, Zantac.

[illegible] brought out an injectible antibiotic that [illegible] been developed in-house, but rejected by Roche's [illegible] managers [illegible] uninteresting. Rocephin hit [illegible] just at the right time. Its use in hospitals [illegible] become widespread because its once-a-day application [illegible] staff time [illegible] money. It is still Roche's top selling product.

These two moves alone probably saved the group from traumatic surgery. [illegible] then, it [illegible] patiently rebuilt a dynamic R&D system, and now has a wide variety of products both [illegible] the market and in the pipeline. Never again will [illegible] depend on a blockbuster like Valium, Roche officials promise.

Roche's product line impresses investors because it is aimed mainly [illegible] hospitals rather than retail chemists. The hospital market has long been a tough professional sell, so the group is suffering [illegible] than competitors from the [illegible] retail drug prices.

Gerber [illegible] the potential for price rises, even to keep pace with inflation, will be severely [illegible] for the [illegible] able future, [illegible] the group [illegible] to rely even more on innovative products.

Increasingly, it is aiming its efforts [illegible] intractable [illegible] where the rewards, although difficult to achieve, could be the greatest. It [illegible] leading products for easing chemotherapy effects, for leukaemia, depression, Parkinson's disease, epilepsy, rheumatism, heart [illegible] Aids.

Gerber has sharpened Roche's other divisions, selling [illegible] unpromising businesses, such [illegible] agricultural chemicals, and strengthening [illegible] with acquisitions.

The over-the-counter medicines division was propelled to internationally competitive size with the $321m purchase of Nicholas, maker of Aspro and Rennie, in 1991.

The flavours and fragrances division became the number two in [illegible] sector with the acquisition of Fritzsche, Dodge and Olcott in [illegible] and the merger of Givaudan and Roure the following year.

Investors are especially excited by two biotechnology ventures.

Three years ago, Roche bought a 60 per cent stake in Genentech of California for $2bn. Genentech produces a widely used genetically engineered drug, Activase, for combating blood clotting in heart attack victims, and has just won approval for Pulmozyme, which treats cystic fibrosis and has prospects for easing bronchitis. Genentech puts Roche at the forefront of genetic engineering which [illegible] beginning to challenge chemistry [illegible] source of drug innovation.

[illegible] 1991, Roche paid $300m to a [illegible] company for a diagnostic technology, polymerase chain reaction (PCR), which analyses [illegible] for various diseases. [illegible] has since spent [illegible] hundreds of millions of dollars getting PCR into marketable form.

[illegible] PCR kits, technicians can [illegible] for HIV, the virus that is thought to [illegible] Aids, in a matter of hours rather than the several weeks required by former methods, and with greater accuracy. The group has just launched [illegible] automated PCR sys[illegible] for medium-sized laboratories [illegible] will test for up to eight diseases, [illegible] is already pressed [illegible] fill orders.

In spite of these aggressive investments, Roche has amassed [illegible] immense cash pile. Gerber says the strong balance sheet enables the group to take big risks, such as the Genentech and PCR purchases.

"I would [illegible] have had the courage to do those if I had had to borrow," he says.

The group's financial dealings have also provided a healthy profits stream. Mr Henri Meier, [illegible] director, refuses to reveal tactical details, but insists that the [illegible] invests only in top-rated securities. [illegible] rejects allega[illegible] that it invests in its own shares, manipulating the market in them.

The once secretive and arrogant Roche has become much [illegible] investor and consumer friendly, but there is still some mystery and concern about its future control, especially as [illegible] Sacher [illegible] 88. All voting shares are in bearer form and so the only thing that is clear is that the family [illegible] a majority.

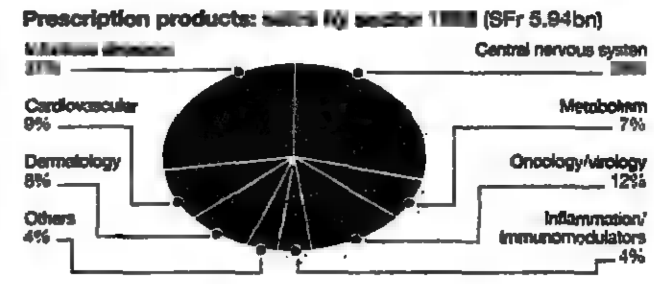
Gerber simply says that there is an iron clad pooling arrangement among family members to maintain an outright majority of the voting shares "well into the next century".

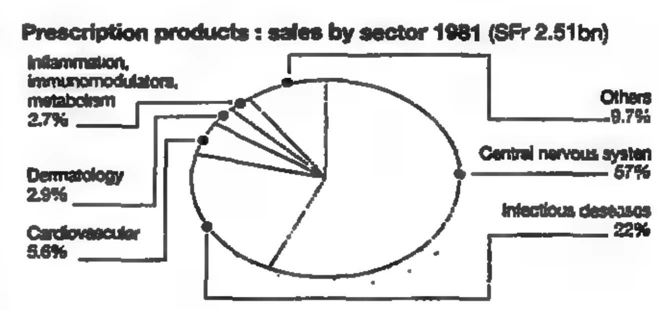
Roche

Sales by [illegible]

	1992 SFr(m)	[illegible]	% change
Pharma	6,886	7,813	13
[illegible] chemicals	3,070	3,275	7
Diagnostics	1,561	1,720	10
Fragrances & flavors	1,352	1,436	6
Others	84	[illegible]	4
Total [illegible]	[illegible]	14,331	11

Fritz Gerber, chairman





Bidders for Independent to discuss offer price

By Raymond Snoddy in London

A consortium put together by [illegible] Whittam Smith, main [illegible] of [illegible] Independent newspapers, to take [illegible] the loss-making [illegible] under [illegible] to come up [illegible] a price.

It was announced yesterday that Mirror Group Newspapers, part [illegible] the consortium, [illegible] to take 40 per cent of Newspaper Publishing, which publishes [illegible] Independent and [illegible] Independent on Sunday. [illegible] consortium [illegible] Newspaper Publishing's two largest [illegible] – [illegible] Spanish [illegible] Italian [illegible] El [illegible] La Repubblica.

The consortium [illegible] yesterday [illegible] "considering making an [illegible] for" [illegible] 52.9 per [illegible] not already controlled by [illegible] members. Detailed discussions on price [illegible] likely [illegible] immediately. Mr [illegible] Hay Davison, chairman of [illegible] Publishing, [illegible] a committee of non-executive directors would [illegible] the proposal.

[illegible] is [illegible] that a potential [illegible] bidder – Mr Tony O'Reilly's Independent Newspapers of Ireland – is waiting to see what [illegible] Smith-MGN consortium [illegible] making a counter offer. [illegible] now [illegible] as [illegible] Mr O'Reilly might have to make a full bid for the company if he [illegible] to block a consortium bid.

A [illegible] bid by the consortium would have [illegible] legislation, as [illegible] automatic [illegible] newspaper [illegible] involving [illegible] circulations of 300,000 unless the life of a [illegible] is [illegible] Mr [illegible] the consortium [illegible] argue "financial necessity" to avoid a reference.

Portuguese financial group gains control of dairies

By Peter Wise in Lisbon

Espirito Santo, the Portuguese financial group, yesterday won control of a leading dairy group in the country's first leveraged buy-out to be syndicated in Europe. [redacted] operation involved the issue of Es14bn ($79m) in acquisition debt.

Laque-Industria de Laticinios [redacted] Queijo, controlled by the Espirito Santo group, bought [redacted] controlling stake in Lacto, a group of three diary companies, in [redacted] the biggest corporate buy-outs [redacted] made in Portugal.

Bankers Trust, the US investment bank, arranged and underwrote the operation in co-operation with Portugal's Banco Totta e Acores and Banco de Fomento e Exterior.

The purchase price [redacted] not been revealed but the acquisition debt issued totalled Es14bn.

The buy-out entailed the transfer of close to 100 per [redacted] of the outstanding shares of Lacto Acoreana, Lacto Lima and Lacto Lusa, the companies that make up the Lacto group, previously in the hands of some 300 shareholders.

The Lacto group is one of Portugal's biggest privately-held food companies, with [redacted] of Es13bn.

Laque, wholly owned by Lacto Holding, [redacted] by Espirito Santo Development Capital Investors. [redacted] plans [redacted] centralise the marketing, sales, production and logistics of the Lacto group and put a new management in place.

"The structure of the buy-out [redacted] innovative in stripping out the [redacted] portion of the funding. This [redacted] syndication attractive [redacted] both Portuguese and foreign financial institutions," [redacted] spokesman for Bankers Trust.

The operation [redacted] involves [redacted] rate derivative [redacted] protect Laque against any rise in Portuguese interest rates.

Gains from sale of investments helps CGIP to maintain profits

[redacted] John Ridding in [redacted]

Capital gains from [redacted] investments should allow CGIP, the French holding [redacted] pany, [redacted] report steady profits for [redacted] according [redacted] Ernest-Antoine Seillière, [redacted] group chairman.

Mr [redacted] as [redacted] difficult year. [redacted] during [redacted] interview he [redacted] "after taking into account [redacted] capi- [redacted] gain of FFr150m [redacted] from disposals made in [redacted] course of the year, [redacted] will maintain without doubt [redacted] profit compared with 1992". Then, CGIP reported [redacted] prof- [redacted] of FFr542.6m.

The disposals made during [redacted] included [redacted] 2.5 [redacted] stake in Valeo, the [redacted] components [redacted] and 4.4 per [redacted] Cap Gemini Sogeti, [redacted] computer services group.

The holding company has [redacted] through a convertible [redacted] at [redacted] beginning of [redacted] month. The issue, which raised about FFr1bn, was aimed [redacted] strengthening the group's balance [redacted] following a number of acquisitions [redacted] in its stake in CarnaudMetalBox, [redacted] Anglo-French packaging group, from [redacted] per cent [redacted] just [redacted] per cent.

[redacted] Seillière ruled out [redacted] possibility of a [redacted] between the holding [redacted] and [redacted] packaging group. "CGIP is evolving in [redacted] logic [redacted] control which [redacted] favourable [redacted] shareholders. The hypothesis of [redacted] envisaged" [redacted]

[redacted] that [redacted] decision on [redacted] group's [redacted] would [redacted] taken by [redacted] shareholders' assembly in June. "Between now and then [redacted] will have [redacted] clearer view of the development of our investments which, [redacted] hope, will allow [redacted] continue [redacted] policy of distribution." [redacted]

CGIP, [redacted] paid a [redacted] FFr32 in [redacted] generally increased its dividend payments.

Saab 'ready for talks' with Volvo

By Hugh Carnegy in [redacted]

Saab Automobile [redacted] ready [redacted] discuss co-operation projects with Volvo, its rival Swedish [redacted] maker which [redacted] month scrapped [redacted] plan [redacted] with France's Renault, [redacted] Butler-Wheelhouse, [redacted] chief executive, [redacted] yesterday.

He said he was [redacted] cussion on common develop- [redacted] and production [redacted] car components, pointing [redacted] in [redacted] interview with a [redacted] news agency [redacted] companies already shared [redacted] number of component suppliers [redacted] Sweden.

[redacted] Butler-Wheelhouse, [redacted] Briton, [redacted] had spoken [redacted] Mr Lennart Jeansson, [redacted] senior Volvo executive and former head of car operations, about the possibility of working together [redacted] "a range [redacted] things. [redacted] problem".

He added that [redacted] would like to [redacted] Mr [redacted] Gyll, Volvo [redacted] executive, "as [redacted] possible [redacted] get to know each other".

The interview was quickly [redacted] upon by Swedish media [redacted] potentially significant overture from Saab that could bring [redacted] two Swedish [redacted] facturers closer together. But officials at both Volvo and Saab, which is jointly owned by [redacted] of the US [redacted] Sweden's Saab-Scania, played down [redacted] Butler-Wheel- [redacted] remarks.

UAP head lowers profits forecast

By Alice Rawsthorn in Paris

Mr Jacques Friedmann, chairman of Union des Assur- [redacted] de Paris, the [redacted] candidate for privatisation by the French government, yesterday warned that the group's [redacted] profits were at the lower end of expectations at around FFr1.5bn [redacted]

UAP, France's largest insurer and due within the next few [redacted] sold off, had previously forecast net profits of between FFr1.5bn [redacted] FFr2bn for [redacted] year.

However, Mr Friedmann, [redacted] senior bureaucrat andclose friend of Mr Edouard Balladur, [redacted] prime minister, [redacted] autumn became chairman [redacted] UAP following the departure of Mr [redacted] Peyrelevade [redacted] Crédit Lyonnais banking [redacted] in [redacted] that [redacted] 1993 net profits would [redacted] "in [redacted] region of FFr1.5bn".

UAP, like other French insurers, in recent [redacted] has, been badly [redacted] by [redacted] competitive [redacted] the insur- [redacted] market [redacted] by [redacted] impact of the [redacted] its property holdings and banking interests. One of [redacted] main problems [redacted] been [redacted] poor performance of Banque Worms, [redacted] loss-making banking subsidiary.

Net profits peaked [redacted] FFr4.22bn [redacted] 1990, but fell to FFr3.77bn in 1991 [redacted] FFr1.08bn in 1992. It [redacted] already reported [redacted] modest increase in interim [redacted] profits [redacted] FFr1.09bn [redacted] first half of last year.

However, UAP's recovery was checked in [redacted] closing months of 1993. "The main problems seem [redacted] have [redacted] the performance of Banque Worms and the potential losses associated with the recent flooding [redacted] northern France," [redacted] Mr Derek [redacted] European insurance analyst [redacted] in London.

Analysts are confident [redacted] UAP will [redacted] robust profits growth this year, [redacted] a total [redacted] below [redacted] and 1991 levels. Mr Elias said it [redacted] in [redacted] premiums in France.

Luxottica sees a dominant vision

The glasses frame maker seeks to rule the sector, reports Haig Simonian

Few Italians would recognise Mr Leonardo Del Vecchio [redacted] they met him in [redacted] street. Yet mention his name and [redacted] would immediately recall the modest man [redacted] Milan orphanage who [redacted] Italy's biggest taxpayer.

Luxottica, [redacted] company, [redacted] world's leading maker of spectacle frames. Its international market share is estimated [redacted] almost 9 per cent. One in five Americans who [redacted] glasses [redacted] a customer. In Italy, [redacted] proportion [redacted] one in three. Though the business may seem mundane, margins [redacted] high enough to generate [redacted] profits of L67.5bn on sales of L523bn in 1992.

Results for [redacted] should be [redacted] better [redacted] early month. Boosted by the lira devaluation, [redacted] by [redacted] cent [redacted] more than L640bn ($375m), while net profits should maintain [redacted] 12 per [redacted] growth of the previous year – in spite [redacted] recession. About three-quarters [redacted] output is exported.

The surge in profits and turnover, which [redacted] per cent [redacted] allowing for exchange [redacted] changes, should [redacted] in [redacted] dividend, likely [redacted] rise in proportion [redacted] earnings, [redacted] Del Vecchio, Luxottica's founder [redacted] controlling shareholder.

Such buoyant figures, continuing a steady growth [redacted] the company listed 25 per [redacted] of its shares in the US in [redacted] help to explain why Luxottica remains among Italian [redacted] lysts' preferred stocks.

Its prestige may grow [redacted] if Mr [redacted] Vecchio pulls [redacted] number [redacted] acquisitions believed to be in [redacted] pipeline. Although he declines [redacted] identify the candidates, Luxottica's strong balance [redacted] leaves it well placed [redacted] reinforce its international dominance through further takeovers.

Recognising the [redacted] for integration in a traditionally fragmented [redacted] has been Luxottica's trump card. The world market for spectacle [redacted] divided among doz- [redacted] of companies. Now, four, led by Luxottica, which pro- [redacted] 10.4m pairs in [redacted] head the pack, with a myriad of smaller manufacturers dividing the [redacted] of the market [redacted] them.

[redacted] smaller players seem destined [redacted] disappear as other manufacturers follow Luxottica's path. Beginning [redacted] sub-contractor of delicately-engineered spectacle parts, it gradually encompassed [redacted] entire manufacturing process for glasses in [redacted] plastic [redacted] distribution in large [redacted]

[redacted] international position [redacted] by acquiring local [redacted] setting [redacted] own distribution arm [redacted] necessary. That has helped it capture [redacted] in Canada, [redacted] cent in the UK and [redacted] per cent in France.

Early recognition of [redacted] more expensive "designer-label" eyewear [redacted] other asset.

While cheaper [redacted] left [redacted] low-cost [redacted] produc- [redacted] only [redacted] the mid- [redacted] that the market for dearer, [redacted] designer

Leonardo Del Vecchio: looking at further diversification

brands, was developed. Luxottica makes glasses under [redacted] for seven design labels, including leading lights such as Armani and Valentino.

Expansion of [redacted] core [redacted] accompanied by a diversification into sunglasses. They now [redacted] for [redacted] per [redacted] of sales, up [redacted] cent when introduced [redacted]

M[redacted] profits [redacted] have peaked. [redacted] in [redacted] US, [redacted] market, [redacted] grow. Meanwhile, spectacle-wearing [redacted] other countries, [redacted] Europe, [redacted] to US levels, while [redacted] huge untapped potential elsewhere, he [redacted] Demographics help: [redacted] populations [redacted] grown older [redacted] improved [redacted] the [redacted] for corrective [redacted] has [redacted] steadily.

He is also convinced the industry [redacted] set for further rationalisation. The recession has accelerated the shake-out, he believes. "Those companies which were badly managed in terms of production and distribution, or were in poor financial shape, have seen profits fall," he says.

Mr Del Vecchio says gaining exclusive distribution was vital to raising sales so sharply in the US. The focus is now on repeating that in other developed countries where Luxottica's market share is still only about 2-4 per cent and can at least be doubled, he believes.

Product diversification is also on the cards. The designer brands still have room for further development, he believes. Expansion into branded sunglasses, which now account for [redacted] cent of turnover, [redacted] seems likely.

The challenge of contact lenses – once thought insuperable – [redacted] also dismissed. The main reason why 98 per cent of [redacted] spectacles [redacted] to come from [redacted] that [redacted] manufacturers believed in the [redacted] that traditional glasses had no future and concentrated instead on contact lenses. "Experience has shown people want both," he says.

But perhaps the best measure of confidence in Mr Del Vecchio comes not from the chairman or the analysts who regularly tip Luxottica's stock. As part of the deal with Armani, Mr Del Vecchio included a 2 per cent stake in the company. Mr Armani is [redacted] taken his holding to almost 5 per cent.

Value of Lonrho stake in hotels group tumbles

[redacted] Peston and Roland Rudd in London

Lonrho, the international trading group, will today disclose that [redacted] value of its two-thirds holding in Metropole Hotels has fallen by around £180m ($266.4m), which is almost exactly what Libya paid for its one-third [redacted] in the hotels group less than two [redacted]

The fall of around £250m in [redacted] overall value [redacted] the [redacted] pole [redacted] likely [redacted] new twist to [redacted] increasingly complicated relationship [redacted] Lonrho and [redacted] Libyan [redacted] Foreign Investment Company, which bought [redacted] per [redacted] Metropole stake for [redacted] in [redacted]

In its results, to be announced [redacted] morning, Lonrho will disclose a fall in the value of [redacted] of between £150m [redacted] largely [redacted] to [redacted] revalu- [redacted] of the [redacted]

Reverse takeover may lead to Norton revival

By Tim Burt in London and Bernard Simon in Toronto

Norton, [redacted] nostalgic name in British motorcycling, is set to make [redacted] comeback as a listed company via a reverse takeover in the US.

A group of Canadian investors, who last year bought Norton's motorcycling interests, [redacted] yesterday they [redacted] reversing [redacted] company quoted on the US bulletin board, [redacted] so-called [redacted] sheet securities. Under the transaction, shareholders in Wildrose – the Canadian company which paid around C$1m (US$762,000) last October for [redacted] name and [redacted] – [redacted] new shares [redacted] enlarged company on a one-for-one basis.

Earlier moves to refinance Norton failed last year when Wildrose was suspended from the Alberta exchange after failing to disclose documents on [redacted]

Better margins downstream help lift net at Texaco

By Richard Waters in New York

Texaco, the US oil group, recorded [illegible] jump in profit margins in its downstream refining and marketing operations in the final [illegible] months of [illegible] year, in part offsetting the effects of a sharp drop in world oil prices.

Amoco, meanwhile, failed [illegible] receive a boost to downstream earnings, though [illegible] steady improvement in [illegible] chemicals business helped to make up for [illegible] of the [illegible] in upstream profits.

[illegible] Texaco, upstream exploration and production [illegible] fell by [illegible] than half during [illegible] period, to $150m from [illegible] a [illegible] before, [illegible] price [illegible] oil plummetted on world markets.

However, downstream operations, which [illegible] cheaper oil, reported a [illegible] in operating [illegible] from [illegible] $220m.

[illegible] result, [illegible] special charges and tax adjustments, was [illegible] income for the period of [illegible] $1.21 [illegible] share, compared [illegible] $1.11.

After-tax earnings for [illegible] year as [illegible] $1.1bn, up from $712m, after [illegible] number of [illegible] items. Before special factors, net income [illegible] by only [illegible] to $1.13bn.

The [illegible] reflect "strong operational performance in the face [illegible] crude oil prices which weakened significantly in [illegible] third and fourth quarters, and which remain depressed," said Mr Alfred DeCrade, chairman and chief executive.

Amoco reported a fall in upstream earnings in the fourth quarter [illegible] $215m, from $429m [illegible] before. This was before taking into [illegible] a [illegible] gain in the latest period from [illegible] of part [illegible] Crestar Energy.

Refining, marketing [illegible] transportation earnings reached [illegible] – buoyed by a $50m gain from [illegible] in inventory – from $202m [illegible] of 1992.

Chemicals, [illegible] other hand, saw [illegible] further improvement [illegible] of higher [illegible] from earlier cost-cutting. [illegible] income [illegible]

For the quarter [illegible] a whole, after one-off items, [illegible] income [illegible] to [illegible] $1.17, [illegible] $548m, or $1.10, [illegible]

The [illegible] income [illegible] to $1.8bn, against [illegible] accounting changes, [illegible] time.

Squeeze on returns ignites paper prices battle

Publishers and packagers are resisting moves by pulp producers to charge more, writes **Bernard Simon**

An intense struggle is unfolding between the world's pulp and paper producers and their customers.

The producers [illegible] determined – and in [illegible] desperate – to push through [illegible] after more than four [illegible] or [illegible] ing returns.

Their customers, as always, [illegible] putting [illegible] fight. Hard-pressed newspaper and [illegible] publishers [illegible] to accept price [illegible] until they [illegible] more [illegible] a rebound in advertising. Falling [illegible] been a key [illegible] – together with declining [illegible] – [illegible] their ability [illegible] losses or restore profitability.

However, early signs [illegible] the [illegible] power in the pulp and paper industry [illegible] shifting towards [illegible] producers.

The wood pulp market [illegible] ignited in early [illegible] by disruptions [illegible] supplies [illegible] birch logs from Russia, which [illegible] used by Scandinavian [illegible] produce hardwood pulp.

[illegible] firmer [illegible] has, unexpectedly, spread to softwood pulp, with [illegible] European buyers paying [illegible] for northern [illegible] pulp, [illegible] from [illegible] year. If [illegible] increases [illegible] they [illegible] likely to [illegible] into higher prices [illegible] many grades of [illegible]

Paper prices already show signs of firming. A modest rise in European newsprint [illegible] (or to be more precise, a [illegible] in discounts), which [illegible] at the beginning of January, [illegible] have stuck.

Even some consumers acknowledge that North American newsprint prices are likely to [illegible] in March [illegible] first time in four years, though not by anywhere near the 11 per [illegible] demanded by producers. Mr [illegible] Hee, who buys newsprint for the [illegible] group, [illegible] most publishers have been expecting a price rise [illegible] about 5 [illegible] cent."

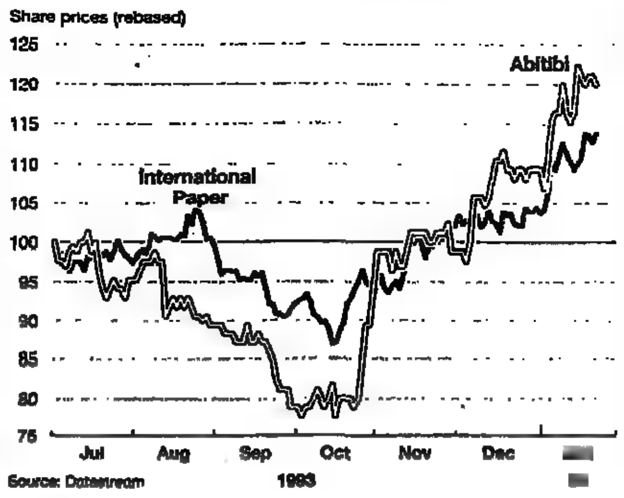
Linerboard, used in [illegible] gated packaging materials, [illegible] up from about [illegible] a [illegible] in the [illegible] months. Several producers have announced further price [illegible] from February 1.

Mr John Maine, vice-president [illegible] Resource Information Systems, a Virginia-based consultancy, predicts prices [illegible] most grades of [illegible] will climb by [illegible] 5 per cent in North America this year, with [illegible] increase as high [illegible] for strong-growth products [illegible] uncoated business [illegible]

Mr [illegible] Christie, analyst at [illegible] Capel in London, fore[illegible] price [illegible] high [illegible] 10 per [illegible] in European [illegible] where weak currencies push [illegible] import costs.

These views are mirrored in the [illegible] prices of leading pulp and paper producers.

North American pulp and paper



Source: Datastream

Since the [illegible] Year, International Paper, [illegible] biggest North American [illegible] company, [illegible] bounced up from $67.75 [illegible] $74⅞ [illegible] York [illegible] Exchange. Abitibi-Price, [illegible] Canadian newsprint producer, [illegible] jumped from around [illegible] the beginning of December [illegible] $12.75.

Nevertheless, [illegible] recovery [illegible] shaky. "The [illegible] still [illegible] as [illegible] as [illegible] thought it would be," [illegible] Mark Gibson, vice-president for paper marketing at Fletcher Challenge Canada. Mr Gibson adds: "we're still running into [illegible] barrier" in efforts [illegible] raise newsprint prices.

The slump in the Japanese economy [illegible] cut paper exports [illegible] the [illegible] of North America, encouraging mills to dump more material into the domestic US and Canadian markets.

[illegible] Barry Minerth, director [illegible] *printing* [illegible] *at* Time Inc, [illegible] magazine publisher, acknowledges that "all the producers [illegible] feeling an extraordinary need to try and increase prices".

However, he says that [illegible] zine advertising has yet to stage a firm rebound. "I think we've convinced people that [illegible] try and put forth [illegible] price increase at this time is not a wise idea."

If the North American producers are overly ambitious in pushing up prices, they risk driving customers into the [illegible] of Finnish and Swedish suppliers. Scandinavian mills have become increasingly aggressive in foreign markets as their currencies have tumbled over the past 18 months. *Rising demand for paper* [illegible] European and North American economies expand is only part of the reason for producers' cautious optimism.

Mr Maine forecasts that newsprint sales volumes will rise by between only 1 and 2 per cent in North America this year. However, he believes that should be enough to make a price increase stick, given tightening supply prospects.

Pulp and paper markets have been bedevilled for the past four years by producers' inability to hold down capacity. Many paper machines have been closed down for months at a time, only to be restarted *at the first sign of a pick-up in* sales.

Some mills have even raised capacity at relatively low cost, for instance, by increasing the operating speed of their machines.

However, producers, especially in Canada where paper machines are older and smaller than in the US and Scandinavia, are under growing pressure to face reality. "A [illegible] of the banks are losing patience," says Mr Gibson.

Prices for [illegible] grades, notably newsprint and uncoated groundwood papers, are insufficient to cover either normal fixed and operating costs, or the expensive investments required to meet *increasingly stringent* environmental standards, such [illegible] higher content of recycled paper, lower dioxin emissions, and reductions in the use of chlorine [illegible] a bleaching agent.

The pressures are vividly illustrated by the new Gold River newsprint mill in British Columbia, jointly owned by Canadian Pacific Forest Products and a group of US publishers.

The mill, with an annual capacity of 200,000 tonnes a year, failed to re-open after the Christmas holidays after the owners and their lenders were unable to agree on terms for [illegible] short-term funding package. *Other hard-pressed* producers may find themselves in a similar plight as [illegible] progresses.

Italian hotel chain to write down capital

Ciga, Italy's luxury [illegible] chain, [illegible] yesterday it planned [illegible] its ordinary capital, from L150.79bn [illegible] ($33.76m), bringing the value [illegible] each ordinary [illegible] about L379, AP-DJ reports from Milan.

Subsequently, shareholders will [illegible] new ordinary shares for every [illegible] ordinary shares held, with [illegible] aim of bringing the nominal value of [illegible] to L1,000. [illegible] would propose the [illegible] to shareholders at meetings scheduled for February.

Host [illegible] the [illegible] and the UK [illegible] group [illegible] are [illegible] negotiating to acquire [illegible] controlling [illegible] Ciga.

Once the ordinary capital write-down [illegible] issue have [illegible] place, Ciga [illegible] would have [illegible] shareholder capital [illegible] L91.72bn, equivalent to [illegible] worth on [illegible] 30, 1993.

Although specifics of a capi[illegible] yet [illegible] decided, the directors had [illegible] plan [illegible] the group [illegible] ward with [illegible] capital [illegible] approximately L1,100bn.

[illegible] Friday [illegible] was revealed [illegible] Marriott had raised some $315m in [illegible] placing and an asset sale, supporting any bid it [illegible] make [illegible] the debt-ridden company.

News Digest

Beckman Instruments to cut jobs

Beckman Instruments, [illegible] maker of laboratory instruments, [illegible] cut jobs by 800 worldwide, Reuter reports from Fullerton. The company warned [illegible] jobs would [illegible] affected as the company consolidated facilities and functions.

[illegible] company, which announced [illegible] reorganisation last October, recorded [illegible] net [illegible] 1993 of [illegible] or $1.35 per share, compared [illegible] income [illegible] in 1992.

It said [illegible] reorganisation would [illegible] funded by [illegible] $135m [illegible] restructuring charge [illegible] two years, including a [illegible] charge [illegible] be [illegible]

The [illegible] of [illegible] $135m restructuring charge was [illegible] in 1993, [illegible] for [illegible] items.

[illegible] annual before-[illegible] savings from [illegible] plan [illegible] expected [illegible] $25m in 1994, rising [illegible] in 1995.

Brazil fails to sell petrochemical stake

[illegible] Brazilian government was yesterday unable to sell [illegible] trolling stake in petrochemical [illegible] Petroquimica Uniao [illegible] lack of buying interest, Rio [illegible] Janeiro [illegible] exchange officials [illegible] Reuter reports from Rio [illegible]

[illegible] yesterday's auction, the government managed [illegible] only 32.2m [illegible] the 50m-plus [illegible] For the [illegible] valid, 37.5m had to be sold.

[illegible] will have [illegible] hours [illegible] bid [illegible] the remaining stock.

The minimum price [illegible]

USAir and BA in delivery venture

USAir Group [illegible] its USAir Cargo unit [illegible] join British Airways' World Cargo operation [illegible] launch an international small-package express delivery [illegible]

The venture, [illegible] International, will [illegible] to [illegible] than [illegible] in [illegible] tries [illegible] February 1.

The service will provide airport-to-airport delivery.

Paramount business to reorganise

Paramount Publishing, which [illegible] acquire Macmillan, [illegible] reorganise divisions, [illegible] number of imprints, and lay [illegible] up [illegible] 10 per cent of [illegible] two companies' 10,000 workers, The [illegible] York [illegible] reported, Reuter reports from [illegible] York.

Paramount's [illegible] purchase of Macmillan [illegible] expected [illegible] be completed in February.

The result would give Paramount Publishing, parent company of Simon & Schuster, about [illegible] in annual revenues.

[illegible] Communications, [illegible] target [illegible] bidding war [illegible] QVC [illegible] and Viacom, is the publishing company's owner.

Net income climbs at US brokers

By Richard [redacted] in New York

A surge in income from commissions and investment banking fees helped drive up net income at both PaineWebber and Smith Barney Shearson, part of the Travelers group, in the final months [redacted] last year.

The two US broking firms also recorded [redacted] continuing increase in income from other [redacted] such [redacted] asset management, while principal trading [redacted] significant in driving growth than it [redacted] been earlier in 1993.

[redacted] Barney Shearson, cre[redacted] when Travelers (formerly [redacted] as Primerica) bought [redacted] Shearson retail broking firm from American Express last year, reported net income of $145.1m in the final quarter of [redacted] year, up from $118.8m in the previous three months.

The figures were bolstered by record turnover levels on the [redacted] York Stock Exchange at the end [redacted] last year, with commission income rising to [redacted] from [redacted] in the previ[redacted] period.

PaineWebber also reported solid growth in [redacted] rising [redacted] $265m in the quarter, from [redacted] in the previous three months [redacted] a year [redacted]. The rise helped push net income at PaineWebber to $56.9m, or $1.08 [redacted] share, from $41.4m, or [redacted] share, the year before.

Both firms also benefited from a rise in investment banking fees, which [redacted] Smith Barney climbed to $217m [redacted] in [redacted] third quarter and [redacted] PaineWebber improved to $114m from $101m. [redacted] management [redacted] from [redacted] at Smith Barney and to $91m [redacted] $83m [redacted] PaineWebber.

By contrast, income from principal (or own-account) trading at [redacted] fell [redacted] from [redacted] in [redacted] previous period. At [redacted] Barney, it [redacted] to [redacted] from [redacted].

[redacted] that the earnings growth at [redacted] broadly-based, rather than heavily reliant on principal trading, [redacted] of income that investors regard [redacted] highly volatile, helped [redacted] shares by [redacted] morning trading in New York, [redacted].

[redacted] *other brokers, though,* it continues to [redacted] well below [redacted] highs of [redacted] year, reflecting a general switching out of [redacted].

The [redacted] Barney [redacted] results helped [redacted] push [redacted] er's [redacted] for [redacted] quarter [redacted] $297.9m, or $1.19 a share, [redacted] $258.7m, or $1.03 a share, the previous quarter.

For the year as [redacted] whole, Travelers' net income was $915m, [redacted] 3.88 a share, up [redacted], [redacted] $3.35.

Stripping [redacted] effects of accounting changes and other one-off factors, net income [redacted] from $621m. Year-ago comparisons are distorted by [redacted] acquisition of Shearson.

Travelers' figures do not include the results of its insur[redacted] company, which was [redacted] by Primerica at the start of this year and from [redacted] taken [redacted].

The [redacted] will report figures jointly from [redacted] first quarter of this year.

Charge of $203m puts Corning $121m in red

By Frank McGurty in [redacted]

Corning, [redacted] US glass and high-technology [redacted], yesterday revealed a fourth-quarter net loss [redacted] after taking [redacted] $203m charge [redacted] breast-implant [redacted]gation.

[redacted] provision represents [redacted] company's [redacted] estimate [redacted] far [redacted] associated [redacted] *lawsuits brought by* [redacted] injured [redacted] implants supplied by [redacted] Corning, a joint [redacted].

If special charges [redacted] excluded, the [redacted] have posted [redacted] $82.2m, [redacted] a share, up slightly [redacted] $79.9m, [redacted] cents, in [redacted] corresponding period [redacted].

Including extraordinary [redacted], earnings were $41.2m, or 21 cents, [redacted] earlier.

Corning's share price, [redacted] had [redacted] after dipping as low [redacted] dropped [redacted] soon after yesterday's [redacted].

[redacted] performance [redacted] lower prices [redacted] impact [redacted] sluggish [redacted] economic [redacted] on [redacted] consumer prod[redacted] business [redacted] of its operations.

The kitchenware division, Corning's original business, [redacted] struggled for years, [redacted] optics [redacted] prod[redacted] services have [redacted] increasing impor[redacted] to its [redacted] line.

[redacted] was evident in [redacted] during [redacted] quarter.

[redacted] up 8.7 per cent at $1.1bn, [redacted] growth primarily [redacted] the acquisition [redacted] Damon, a clinical [redacted]ing business, [redacted] Costar, a plastic laboratory equipment concern, [redacted] the [redacted].

[redacted] the full year, Corning [redacted] loss [redacted] $15.2m, [redacted] cents [redacted] share, compared [redacted] a deficit of $12.6m, [redacted] earlier.

[redacted] sales were [redacted] an [redacted] cent improvement from [redacted], when revenues reached $3.7bn.

Domestic growth behind solid results from Unisys

By Louise [redacted] in San [redacted]

Unisys, [redacted] US computer and electronics manufacturer, reported solid fourth-quarter results, boosted by growth in [redacted]. However, revenues declined in Europe and Japan.

The company said growth in orders from US commercial customers [redacted] at [redacted] highest level for [redacted] years. [redacted] increased in the [redacted] and Latin American [redacted] but declined "substantially" in *Europe.*

[redacted] fourth quarter Unisys reported [redacted] income [redacted] $117.7m, [redacted]. In [redacted] period [redacted] ago [redacted] income was $139.2m, or [redacted] share, including [redacted] items of $38m, or [redacted] cents per share, [redacted] accounting changes.

Operating [redacted] as [redacted] percentage of [redacted] increased to [redacted] cent from 10.1 per [redacted] earlier.

Revenue [redacted] $2.1bn in the fourth quarter [redacted] higher than expected, [redacted] below last year's [redacted], the company [redacted].

For [redacted] was [redacted] cents, including [redacted], or 83 cents, [redacted] special one-time items. In [redacted] previous [redacted], Unisys recorded [redacted] income of $361.2m, [redacted] $1.40 per share, which included a special item [redacted], or 36 [redacted]. Excluding the special items, [redacted] per [redacted] for [redacted] $1.48, against [redacted] in 1992.

Revenue [redacted] to $7.74bn for 1993 from $8.42bn in 1992. Higher revenues in US commercial business [redacted] than offset by [redacted] in Europe and Japan, the [redacted]pany [redacted].

"We clearly [redacted] one [redacted] the best financial perfor[redacted] in our industry and are [redacted] pleased with our year-end results," [redacted] Mr James Unruh, Unisys [redacted] and chief executive.

[redacted] had [redacted] very [redacted] fourth quarter with good order growth and an improved operating margin. For the year, net income [redacted] up 22 per [redacted] excluding gains from special [redacted] items.

"Operating income as [redacted] cent of revenue [redacted] the [redacted] was [redacted] per cent, compared with [redacted] earlier. [redacted] flow from operations again exceeded [redacted] reduced [redacted] by more than $500m.

"Financially, our 1994 goal is to achieve further improvement in profitability and [redacted] continue to strengthen the company's capital structure," Mr Unruh said.

Operating loss of $19m at Reynolds Metals

By Laurie [redacted] in Chicago

Reynolds [redacted] company, the US aluminium processor, [redacted] fourth-quarter operating [redacted] $19.1m, [redacted] 31 [redacted] share, [redacted] special charges, despite improvement in [redacted] aluminium [redacted] year-over-year gains in [redacted] aluminium shipments.

The [redacted] with an operating profit [redacted] $2.9m, or [redacted] a share, in [redacted] year's fourth quarter, [redacted] special charges. Including charges, the loss [redacted] $238.6m, or [redacted] share, compared with [redacted] loss of $155m, [redacted] share, [redacted].

[redacted] for the quarter [redacted] $1.35bn, nearly unchanged from [redacted] year earlier.

For [redacted] year, the company [redacted] operating losses [redacted] $94.6m, [redacted] $1.58 [redacted] share, before special charges, [redacted] of $5.29bn.

This compares with income [redacted] charges of $44.6m, [redacted] share, on revenues of $5.66bn in [redacted].

Mr Richard Holder, chairman, [redacted] "Reynolds' [redacted] for the [redacted] quarter [redacted] year [redacted] a continuation of one [redacted] the [redacted] periods in the history of the aluminium industry.

"The problem [redacted] the severity of the world aluminium supply-demand imbalance, which escalated [redacted] drove ingot prices [redacted] historic lows, on [redacted] inflation-adjusted basis."

Mr Holder [redacted] lower ingot prices rippled through [redacted] broad [redacted] of fabricated prod[redacted] prices.

"The primary factor in [redacted] supply-demand imbal[redacted] continued [redacted] be CIS exports, which increased an estimated 1.7m metric [redacted], compared [redacted] in 1992, and only 250,000 as recently [redacted] 1989," [redacted] said.

The world's largest aluminium producing countries [redacted] in [redacted] week [redacted] discuss solutions [redacted] the [redacted] glut.

American Brands hit by US cigarette price war

American Brands [redacted] its fourth-quarter [redacted] the impact of [redacted] full quarter of lower prices [redacted] cigarette market as well as [redacted] adverse impact of foreign [redacted]rency translation, [redacted] reports from Connecticut.

The [redacted] group reported fourth-quarter income before accounting charges fell [redacted] $185m, [redacted] share, from [redacted] or $1.15, in the year-ago period.

"Fourth-quarter results for [redacted] American Tobacco Com[redacted] reflect, for [redacted] first time, the impact for a full quarter of [redacted] major price reductions in the US cigarette market, with [redacted] contribution declining sharply to $11m," the company [redacted].

● The [redacted] Paul Cos, the [redacted] general insurance group, attributed a profit in the fourth quarter [redacted] full year [redacted] corrective actions in [redacted] underwriting and insurance brokerage operations.

Fourth-quarter operating profit was $1.76 [redacted] share, compared [redacted] an operating loss of $10.20 in 1993.

"In addition, 1993 was an average year in [redacted] of [redacted]strophic storms – nothing like 1992, which brought [redacted] Hurri[redacted] Andrew, the [redacted] expensive storm in history," said Mr Douglas Leatherdale, chairman and chief executive.

Consortium joins Hearst in home link-up project

By [redacted] in [redacted]

A consortium of Canadian companies – including cable group Videotron and the National [redacted] of Canada – yesterday announced plans [redacted] launch [redacted] interactive, multimedia home communications system in Quebec, in partnership with America's privately-owned [redacted] Corporation.

The consortium is [redacted] by Le Groupe Videotron, [redacted] of Canada's leading cable businesses, which [redacted] 1m subscribers in Quebec and has been providing first generation interactive services [redacted] subscribers in [redacted] and Britain.

The new system will offer [redacted] interactive services ranging [redacted] home banking – including [redacted] ability [redacted] fer [redacted] from an account to a [redacted] card – [redacted] shopping [redacted] purchase of lottery tickets.

Hearst, which will have [redacted] 10 per cent [redacted] in [redacted] venture, will provide electronic business and yellow [redacted] information directories, [redacted] as [redacted] shopping services, such as theatre [redacted] services.

The project, costing C$200m (US$152m), will deploy 34,000 home terminals in the Saguenay region of Quebec [redacted] and [redacted] further 1.4m terminals in Quebec City and Montreal, starting in 1996.

Boeing parades twin-engine widebody

By Paul Betts, Aerospace Correspondent

Boeing's new 777 twin-engine widebody airliner, photographed [redacted] first [redacted] has just made its maiden ground voyage – [redacted] factory floor [redacted] Boeing's huge Ever[redacted] facility [redacted] of [redacted].

[redacted] formal roll-out of the completed aircraft will take place in April with first delivery to United [redacted] in May [redacted].

The 777, with a price tag of around $130m, is the biggest twin-engine widebody ever developed, at [redacted] cost of around $4bn. It is powered by a new generation of very large thrust engines developed by General Electric and [redacted] Whitney of the US [redacted] the UK Rolls-Royce group.

The aircraft, with seating capacity ranging from 320 to more than 400 passengers depending on cabin configuration, is challenging the Airbus A340 four engine and Airbus A330 twin-engine widebody airliners as well [redacted] McDonnell Douglas [redacted] MD11.

Boeing *has* won 147 firm orders for the 777 and *options for an additional* 108 since the programme was launched in October 1990.

Barlow to sell remaining stake in Randgold

By Matthew Curtin in Johannesburg

Barlow, the rump of South Africa's former Barlow Rand conglomerate, is offering to sell by tender its remaining 27 per cent [illegible] in mining subsidiary Randgold and Exploration [illegible] the group puts [illegible] finishing touches to the re-organisation it started last year.

The holding is worth nearly R80m ($23.5m) at [illegible] market prices.

Barlow was South Africa's flagship industrial group before it disposed of its foods and electronics interests in an unbundling exercise formally completed earlier this month.

The group has long [illegible] its intention of disposing of Randgold, whose four marginal gold mines and parcel of mineral rights were not [illegible] as [illegible] long-term investment.

Speculation as to who will pick up the shares on offer centres on [illegible] G. Warburg subsidiary Mercury Asset Management, [illegible] is [illegible] to have built up a [illegible] interest [illegible] Randgold in recent weeks.

Plans by Randgold management to go [illegible] with a controversial share [illegible]tive scheme, offering employees stock in [illegible] company at a generous discount to market prices, were significantly amended at the company's general meeting [illegible] after Mercury [illegible] it would [illegible] the offer.

Randgold's mines turned in [illegible] disappointing performance in the quarter to December, reporting an aggregate R17.29m loss, but as marginal producers they are highly geared to any significant recovery in gold prices.

[illegible] Warren Clewlow, Barlow chairman, told [illegible] at the group's general meeting yesterday that [illegible] Randgold transaction should [illegible] pleted next month.

Talks [illegible] selling a large stake in Barlow's computing subsidiary Persetech, the local distributor of Hitachi equipment, to an outside [illegible] were at an advanced stage.

Mr Clewlow [illegible] that the reconstituted Barlow – [illegible] include UK subsidiaries Stratford and Bibby, which is [illegible] the [illegible] of [illegible] London flotation – traded "satisfactorily" in the first quarter to end-December without elaborating further.

On [illegible] pro-forma basis, Barlow would have reported pre-tax profit of R578m in the year [illegible] September [illegible] on [illegible] R12.3bn compared [illegible] on sales [illegible] R11.2bn [illegible] previous year.

Comalco arranges finance for power station deal

By Nikki Tait in Sydney

Comalco, the large integrated aluminium producer which is 67 per cent-owed by CRA, has succeeded in underwriting [illegible] A$625m [illegible] debt facility which will partially finance [illegible] purchase [illegible] Power Station from [illegible] Queensland Electricity Commission.

The deal is is the first financ[illegible] large [illegible] project whose viability could be affected by an Aboriginal land [illegible] since Australia's Native Title (Mabo) legislation was passed [illegible] the end of [illegible] year.

Some observers have seen the [illegible] a test [illegible] for [illegible] international banking community's attitude towards [illegible] new law.

The [illegible] station purchase [illegible] tied to Comalco's plans [illegible] almost double [illegible] output of its aluminium [illegible] nearby Boyne Island, and the total investment in [illegible] project [illegible] been [illegible] around A$1.75bn. The problem [illegible] that a substantial tranche of land in the neighbouring Cape York [illegible] subject [illegible] a land claim from [illegible] Aboriginal [illegible] people.

[illegible] has [illegible] immediate bearing on the project, but [illegible] land being claimed does contain deposits which Comalco might [illegible] to [illegible] to [illegible] baux[illegible] operations [illegible] Weipa, which in turn would supply [illegible] materials [illegible] the Boyne [illegible] smelter.

Yesterday, however, Comalco claimed [illegible] bidding [illegible] funding had been "very competitive" and that around A$2bn of underwriting commitments [illegible] in total.

Barclays Bank of [illegible] UK has [illegible] appointed agent [illegible] bank for [illegible] limited-recourse debt. The other underwriting banks [illegible] Deutsche Bank, Industrial [illegible] Japan, ANZ [illegible] Commonwealth Bank of Australia.

The financing is scheduled to close by [illegible] 31, after which there will [illegible] a general syndication of [illegible] other project finance [illegible]

Comalco [illegible] not [illegible] pricing details, but J. P. Morgan, which is advising [illegible] the project, [illegible] last night that "no premium [illegible] been attached to the funding because [illegible] Mabo situation".

It has always [illegible] questionable whether the [illegible] of project finance would be [illegible] by the [illegible] legislation. Some critics of the government's native title bill have argued that the legislation's main impact will [illegible] to delay projects while native title claims [illegible] sorted out.

"These issues will generally [illegible] cleared up before [illegible] project [illegible] financing," said [illegible] banker yesterday.

Under the Mabo bill, native claims will [illegible] be automatically extinguished [illegible] there [illegible] a valid mining lease on the land. Such claims will be allowed [illegible] "co-exist" with [illegible] mining lease, and then possibly [illegible] when [illegible] lease expires.

The bill [illegible] up a system of tribunals for hearing native title claims.

ABB invests $300m in Indian operations

By Shiraz Sidhva in New Delhi

[illegible] Asea Brown Boveri, [illegible] international electrical engineering company, will invest [illegible] Indian operations [illegible] two years as part [illegible] restructuring and technology modernisation [illegible]

[illegible] investment, the larg[illegible] by [illegible] multinational in India's manufacturing sector [illegible] the country embarked [illegible] economic reform in 1991, [illegible] in three [illegible] Existing plants will be modernised, and [illegible] products introduced and upgraded. A power-plant manufacturing facility will be established, and [illegible] "green field" unit will be [illegible] either in Gujarat [illegible] Karnataka, [illegible] manufacture turbines for [illegible] power sector, with [illegible] investment of [illegible] than Rs2bn ($64m).

The multinational, which will soon complete its merger with Flakt India, [illegible] Calcutta-[illegible] electrical engineering [illegible] a series of strategic alliances, acquisitions, mergers [illegible] joint [illegible] help it consolidate its position as [illegible] leading electrical engineering company in India.

ABB has also offered [illegible] take over a struggling company, [illegible] Durgapur-based Associated Boilers (ABL), India's second-largest boiler manufacturer. ABL, formerly ACC Babcock, has accumulated losses of more [illegible] Rs1.3bn, [illegible] is planning [illegible] pump in "a large amount [illegible] money" [illegible] revive the company [illegible] take [illegible] management control, pending government approval.

[illegible] also seeking permission to part-acquire another company, the Bangalore-based New Government Electric Factory, an electronics manufacturer for [illegible] power industry which [illegible] jointly owned by the Karnataka government and AEG of Germany.

When the restructuring [illegible] complete, ABB's India operations will then [illegible] in [illegible] position [illegible] challenge the [illegible] monopoly of the state-owned Bharat Heavy Electricals in the manufacture of power plant equipment.

ABB's annual income in India is expected [illegible] increase to [illegible] least Rs15bn by 1996-97, more than double the current [illegible] turnover of Rs7bn.

MIM to shed Granges holding

MIM, the Queensland-based metals group, has told Granges, [illegible] gold and [illegible] metals mining [illegible] plans [illegible] sell its 37 per [illegible] holding [illegible] not less [illegible] C$4 [illegible] share, writes Nikki Tait.

[illegible] price [illegible] would [illegible] around [illegible] (US$38m) for MIM which, [illegible] company indicated yesterday, would [illegible] small capital [illegible] The Granges [illegible] currently carried on MIM's balance [illegible]

MIM shares [illegible] 5 cents [illegible] A$2.74 [illegible]

Harsh realities behind the China obsession

Investment funds can show good returns, but there are pitfalls, says Simon Davies

E[illegible] by the standards of the faddish fund management industry, the obsession with China [illegible] has been extreme. Last week [illegible] the start of the London roadshow for the Guangdong Development Fund, which [illegible] at least [illegible] the more than [illegible] that [illegible] been pumped into China funds in the past [illegible] years.

China [illegible] arguably the inves[illegible] buzz-word of 1993, as another year of double-digit economic growth helped fuel a 115 per cent rise in Hong Kong's Hang Seng Index [illegible] the year. But shrewd investors who [illegible] the signs early and invested in China funds have not been particularly well [illegible] for their prescience.

[illegible] equity-orientated China funds had a strong perfor[illegible] last year. [illegible] tracked by the fund research [illegible] Micropal, the average [illegible] in net [illegible] value was 68 per cent – but this compared [illegible] an average 118 per cent increase for Hong Kong equity funds, and Hong Kong [illegible] up [illegible] majority [illegible] all China [illegible] portfolios.

The GT [illegible] China fund, the first [illegible] feed [illegible] demand for equities linked to [illegible] economic revolution in the Pearl River delta, [illegible] per [illegible] in [illegible] – but on [illegible] longer-term view, it [illegible] increased by only [illegible] per [illegible] from July [illegible] end [illegible] year.

Direct investment funds, [illegible] of which allow [illegible] small percentage [illegible] be invested in equities, have generally [illegible] Their [illegible] are clearly longer, [illegible] results [illegible] have tested the [illegible] patient [illegible] fund [illegible]

[illegible] Assets, [illegible] fund entirely oriented towards direct investment, languished last night [illegible] a [illegible] per cent [illegible] the US$1.10 price [illegible] pre-listing placement in early [illegible]

[illegible] is [illegible] direct investment funds which have caught the imagination [illegible] the institutions, and the past six months have seen offerings from corporations ranging from Hong Kong listed China investor New World Development, to [illegible]sive mainland corporations such as China Merchants and China's aerospace ministry.

The allure is undeniable. China has been the [illegible] dynamic of the emerging markets [illegible] the past decade, and direct investment funds enable investors to buy on p/e ratios of [illegible] or [illegible] into companies which [illegible] be listed in China and Hong Kong on double-digit p/e's. In addition, the China investments become foreign joint [illegible] and gain immediate and substantial tax advantages, and [illegible] bank funding (which has become almost impossible for mainland companies).

The realities, however, may [illegible] harsher. Mr John Bolsover, chief executive of Baring Asset Management, said: "It is impossible [illegible] underestimate what is happening in China, but it is going to remain very tough for direct investment."

Baring manages the UK-listed China [illegible] Eastern Fund, which was launched in 1985 and had a mandate [illegible] invest up [illegible] 25 per cent of its assets in China-related venture capital situations. Eighteen months [illegible] it gave [illegible] direct investment because failures significantly out-numbered suc[illegible] Baring decided the fledgling Chinese equity markets offered [illegible] more viable alternative.

One London-based fund manager said: "In China, they didn't really understand what [illegible] wanted to do, [illegible] infrastructure [illegible] bad, and the country had its fair share of crooks. It just wasn't worth it."

Even with mainland connections, it can be difficult. China Assets, managed primarily by [illegible] of China's leading investment groups, China Venturetech, got off [illegible] a troubled start. One of its first investments, a [illegible] stake in Chinese computer manufacturer Evertech Holdings, was entirely written off within a year of purchase. With many economists predicting a return to austerity in China, it could get tougher.

At the other end of the scale, the large Chinese corporations can undoubtedly offer deals, but there are question marks over their ability [illegible] evaluate investments objectively.

There is the further complexity of how to exit from the deal. There are stock markets in China, but listing queues are growing and precedence is based less on quality than on the whims of the authorities.

It is likely that some direct investment funds will be highly successful. Guangdong Development Fund has got around two standard problems of other funds – lack of deals and the lag between raising cash and investing it – by lining up an influential partner (the Guangdong provincial government) and a number of deals ready to be injected into the fund. These range from a toll bridge to a malting plant and power station.

But the risks remain. One Hong Kong-based fund manager related how a fund bought a stake in [illegible] pate de foie gras farm in southern China. After purchasing the business, the investors discovered that there [illegible] no facilities for producing pâté, and they [illegible] left with no more than [illegible] gaggle of geese. For every winner, there will be many more investments that [illegible] to produce golden eggs.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, [illegible] representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

	UNITED STATES					JAPAN					GERMANY				
	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	13.5	6.3	[illegible]	7.67	[illegible]	6.9	6.2	[illegible]	5.35	0.64	10.0	6.3	[illegible]	5.90	1.79
1987	11.6	6.5	6.82	[illegible]	[illegible]	[illegible]	11.5	4.16	4.64	0.55	9.0	[illegible]	4.03	6.14	[illegible]
1988	[illegible]	8.2	7.65	[illegible]	3.61	[illegible]	10.4	[illegible]	4.77	0.54	[illegible]	6.4	[illegible]	[illegible]	[illegible]
1989	[illegible]	3.9	8.99	8.49	3.43	4.1	[illegible]	5.31	[illegible]	[illegible]	6.3	5.8	7.11	6.94	2.22
1990	[illegible]	5.3	[illegible]	8.54	3.60	2.6	8.5	7.62	6.91	0.65	4.5	[illegible]	8.49	8.71	2.11
1991	5.9	3.3	5.87	7.85	[illegible]	6.2	2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.25	8.44	2.38
1992	12.4	1.9	3.75	7.00	2.95	[illegible]	−0.4	[illegible]	[illegible]	1.00	7.1	8.2	9.52	7.77	[illegible]
1993	11.6	1.1	3.22	5.86	2.78	3.0	1.5	2.83	4.18	[illegible]			7.28	[illegible]	2.11
1st qtr.1993	11.9	0.4	3.20	6.26	2.81	1.8	−0.4	3.29	4.34	1.00	9.6	7.5	[illegible]	6.87	[illegible]
2nd qtr.1993	11.8	[illegible]	[illegible]	5.98	2.80	3.2	1.4	3.09	4.55	0.83	9.5	8.6	7.68	6.73	[illegible]
3rd qtr.1993	12.2	1.5	[illegible]	5.61	[illegible]	3.3	[illegible]	2.83	4.25	0.80	8.9	[illegible]	6.82	6.34	2.01
4th qtr.1993	10.6	1.4	3.34	5.53	2.74	3.6	1.6	2.14	3.57	0.85			6.34	[illegible]	1.79
January 1993	13.4	1.0	[illegible]	[illegible]	[illegible]	[illegible]	−0.3	[illegible]	4.55	[illegible]	9.5	7.7	[illegible]	7.10	2.58
February	11.5	[illegible]	3.18	6.26	2.80	2.3	0.1	3.15	4.31	1.01	[illegible]	7.3	8.39	6.94	2.43
March	10.7	0.1	3.17	[illegible]	2.76	0.9	−0.4	3.13	4.19	[illegible]	10.0	[illegible]	[illegible]	6.59	2.27
April	10.8	[illegible]	3.15	[illegible]	2.81	2.4	[illegible]	[illegible]	4.42	[illegible]	9.1	8.7	7.92	[illegible]	[illegible]
May	12.0	1.0	3.14	6.02	2.81	[illegible]	1.5	[illegible]	4.64	0.82	[illegible]	[illegible]	7.52	[illegible]	2.27
June	[illegible]	1.4	3.25	[illegible]	2.80	[illegible]	1.4	3.10	4.58	0.82	10.1	[illegible]	7.60	6.77	2.22
July	12.6	[illegible]	3.20	5.79	2.80	[illegible]	1.6	3.11	4.40	0.81	10.1	8.7	7.24	6.57	[illegible]
August	12.2	1.4	3.18	[illegible]	[illegible]	[illegible]	1.7	[illegible]	4.27	[illegible]	10.1	[illegible]	[illegible]	6.34	1.98
September	11.8	1.5	3.16	5.35	[illegible]	[illegible]	1.9	2.46	4.09	0.79	[illegible]	7.3	[illegible]	6.12	1.96
October	10.9	1.3	3.26	5.32	2.71	3.7	1.8	2.30	3.85	0.80	9.1	6.4	6.64	[illegible]	1.88
November	10.5	1.4	[illegible]	5.70	2.74	3.3	1.5	2.22	[illegible]	[illegible]	8.4	7.4	6.31	5.86	1.82
December	10.2	1.6	[illegible]	5.74	2.74	3.9	1.5	[illegible]	3.25	0.89			6.11	5.71	1.63

	FRANCE					ITALY					UNITED KINGDOM					
	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity [illegible] Yield	
1986	6.9	4.4	7.79	8.74	2.66	10.5	8.2	13.25	11.47	1.41	4.0	15.3	11.02	9.97	[illegible]	[illegible]
1987	4.1	12.2	8.26	9.46	[illegible]	10.4	9.8	11.32	10.58	1.94	4.7	14.6	9.77	9.52	3.60	1987
1988	3.9	8.4	[illegible]	[illegible]	[illegible]	7.8	8.9	11.24	[illegible]	2.71	6.8	17.0	10.41	9.68	4.48	1988
1989	[illegible]	[illegible]	9.39	8.79	2.88	7.1	8.2	12.41	11.61	[illegible]	5.9	17.5	[illegible]	10.30	[illegible]	[illegible]
1990	3.7	9.0	[illegible]	9.92	3.19	9.3	9.1	[illegible]	11.87	[illegible]	5.3	16.1	14.82	11.53	5.07	[illegible]
1991	−4.7	2.7	9.62	9.03	3.58	[illegible]	8.0	11.63	[illegible]	[illegible]	2.4	8.2	11.58	[illegible]	4.97	1991
1992	−0.1	5.5	10.36	8.57	3.65	6.7	[illegible]	13.88	[illegible]	3.63	[illegible]	[illegible]	[illegible]	9.09	4.91	1992
1993			8.55	6.75	3.21			[illegible]	11.23	2.35	4.8	3.9	5.993	[illegible]	4.01	1993
1st qtr.1993	0.7	[illegible]	11.83	7.86	3.38	2.8	6.2	11.88	13.13	[illegible]	4.4	[illegible]	6.43	7.97	4.35	[illegible]
2nd qtr.1993	−0.3	2.9	[illegible]	7.08	3.33	[illegible]	6.0	10.82	12.49	2.47	4.2	3.6	6.00	7.92	4.04	[illegible] qtr.1993
3rd qtr.1993	−1.0	0.5	7.74	6.38	3.14	5.0	7.8	9.36	10.27	1.89	[illegible]	3.7	5.98	7.13	3.91	3rd qtr.1993
4th qtr.1993			6.74	5.92	3.01			[illegible]	9.10	2.02	5.4	[illegible]	5.61	[illegible]	3.75	[illegible] qtr.1993
January 1993	1.5	[illegible]	12.16	[illegible]	3.58	[illegible]	[illegible]	12.73	[illegible]	3.26	4.0	3.3	7.04	8.33	4.40	1993 January
February	1.0	5.7	12.12	7.78	3.40	2.9	[illegible]	11.51	[illegible]	[illegible]	4.6	3.4	6.23	7.97	4.36	February
March	0.7	5.4	11.27	[illegible]	3.18	3.5	[illegible]	11.41	[illegible]	[illegible]	4.7	3.7	6.04	7.65	4.24	[illegible]
April	−2.6	4.1	9.06	7.14	3.25	1.9	[illegible]	11.48	13.13	2.75	4.8	3.5	6.02	7.81	[illegible]	April
May	−3.2	3.1	7.54	7.16	3.39	2.3	6.1	[illegible]	[illegible]	[illegible]	3.4	[illegible]	6.03	8.08	4.04	[illegible]
June	−0.3	2.9	[illegible]	[illegible]	[illegible]	[illegible]	6.1	10.22	11.87	2.15	4.5	3.4	[illegible]	[illegible]	4.01	[illegible]
July	−1.5	[illegible]	8.06	6.72	[illegible]	[illegible]	6.6	[illegible]	11.12	1.99	4.7	3.5	6.01	7.49	[illegible]	July
August	−1.8	0.4	[illegible]	[illegible]	[illegible]	[illegible]	8.0	9.35	[illegible]	1.83	5.1	[illegible]	[illegible]	7.00	3.83	August
September	−1.2	[illegible]	7.29	6.12	3.08	6.1	8.7	9.18	9.68	1.85	5.1	4.0	[illegible]	6.91	3.88	September
October	[illegible]	−0.2	6.99	5.95	3.02	5.5	7.4	[illegible]	[illegible]	1.94	5.4	[illegible]	[illegible]	6.81	[illegible]	[illegible]
November	−2.6	−1.3	[illegible]	[illegible]	[illegible]	[illegible]	8.7	9.08	9.34	2.15	5.1	4.9	5.95	6.77	3.84	November
December			6.52	5.79	[illegible]			[illegible]	[illegible]	1.97	5.8	[illegible]	[illegible]	[illegible]	3.61	December

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. Interest rates: short-term, period averages of US – 30-day commercial paper, Japan – 3-month certificates of deposit, Germany – 3-month Fibor, France – 3-month Pibor, Italy – 3-month Euro-lira, UK – 3-month Libor; long-term, period average yields on 10-year benchmark government bonds. Interest rates supplied by Datastream. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.

Prices for electricity determined by the [illegible] of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	[illegible] Pool purchase price £/MWh	[illegible] Pool purchase price £/MWh	Pool selling price £/MWh
0000	17.97	18.13	[illegible]
0100	22.00	24.94	[illegible]
0130	22.00	24.94	[illegible]
0200	22.06	24.94	[illegible]
0230	22.00	21.35	31.14
0300	21.44	21.35	[illegible]
0330	21.44	24.44	[illegible]
0400	21.44	24.44	[illegible]
0430	17.07	21.16	22.94
0500	17.62	21.19	22.94
0530	20.78	20.58	[illegible]
0600	20.78	20.34	[illegible]
0630	20.78	20.30	[illegible]
0700	21.01	20.36	[illegible]
0730	22.97	20.30	[illegible]
0800	24.24	20.30	[illegible]
0830	24.24	18.03	[illegible]
0900	24.24	20.30	[illegible]
0930	24.24	20.82	[illegible]
1000	25.73	[illegible]	[illegible]
1030	25.73	24.09	[illegible]
1100	25.73	[illegible]	[illegible]
1130	25.73	24.09	[illegible]
1200	25.73	[illegible]	[illegible]
[illegible]	25.73	25.79	[illegible]
1300	25.73	30.70	[illegible]
1330	25.72	30.70	[illegible]
1400	25.72	25.21	[illegible]
1430	25.72	24.09	[illegible]
1500	24.24	24.09	[illegible]
1530	24.24	18.20	18.20
1600	25.05	18.20	[illegible]
1630	29.17	25.29	[illegible]
1700	46.37	33.00	[illegible]
1730	50.88	33.00	[illegible]
1800	50.32	33.00	[illegible]
1830	30.28	27.05	[illegible]
1900	26.58	[illegible]	[illegible]
1930	[illegible]	[illegible]	[illegible]
2000	25.01	26.41	[illegible]
2030	24.62	24.84	[illegible]
2100	22.97	24.84	[illegible]
2130	22.07	24.09	[illegible]
2200	22.97	24.09	[illegible]
2230	22.97	18.07	18.07
2300	18.00	18.03	18.03
2330	17.91	18.02	18.02
2400	17.91	18.02	18.02

Prices are determined for each half hour of each twenty four hour period. Prices are in pounds per megawatt hour, rounded to two decimal places. To convert prices to pence per kilowatt hour the decimal point should be moved one place to the left, eg £18.80/MWh becomes 1.88p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction [illegible] approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between [illegible] and 5.15pm Monday to Friday.

Energy Settlements and Information Services Limited

INTERNATIONAL CAPITAL MARKETS

Long-dated gilts rise on expectations of smooth auction

By Antonia Sharpe in London and Frank McGurty in New York

Long-dated UK government bonds rose about [redacted] point in quiet trading yesterday in anticipation that tomorrow's £2.75bn auction of 15-year stock by the Bank of England would proceed smoothly. [redacted] contrast, gains at the shorter end [redacted] limited to about [redacted] point.

The March long gilt future on Liffe traded at 119 [redacted] in late trading, just [redacted] the day's [redacted] level of 119 [redacted] but up [redacted] the day.

Mr Simon Briscoe at S.G. Warburg [redacted] he expected the new [redacted] to yield around [redacted] per cent, in line with current [redacted] expected the [redacted] – the amount by [redacted] demand exceeds supply – would be around 1½ times, below the record [redacted] recorded [redacted] the last auction.

He said that the cover [redacted] likely to be more modest this time round [redacted] market conditions were stable and [redacted] had already adjusted their positions ahead [redacted] the [redacted] supply of gilts. He [redacted] expected a very small "tail" – the difference between the [redacted] accepted price and the lowest accepted price.

There was little [redacted] reaction in the market to [redacted] survey [redacted] industrial opinion by [redacted] Confederation [redacted] British Industry despite its encouraging conclusions on the [redacted] the UK economy.

■ Better-than-expected January [redacted] for January [redacted] German [redacted] of North-Rhein Westphalia sparked an intra-

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day recovery in [redacted] government bond futures yesterday. The March bund future on Liffe had dropped as [redacted] 99.77 before the data [redacted] but [redacted] high [redacted] 100.18 by mid-afternoon in good volume. By [redacted] market [redacted] mostly unchanged in quiet trading, [redacted]

Mr Holger Fahrinkrug, German [redacted] economist [redacted] UBS in Frankfurt, [redacted] while [redacted] data [redacted] encouraging, [redacted] a poor [redacted] supply [redacted] December, [redacted] published [redacted] end of [redacted] early next week, were dampening market sentiment. The market expects a figure of 7 per cent.

■ Italian [redacted] half-point on news yesterday [redacted] Italy's finance minister, [redacted] Franco Gallo, [redacted] signed a decree to speed [redacted] refund of a 12.5 per cent withholding [redacted] coupon payments to eligible foreigners.

The [redacted] Italian government bond future on [redacted] was trading near the day's [redacted] in [redacted] trading, well [redacted] on the day's low of 117.93. Some traders [redacted] would [redacted] previous record high of 119.12 today.

■ Japanese government [redacted] showed unexpected [redacted] in [redacted] face of the current political uncertainty [redacted] Tokyo and the slide in the Japanese stock [redacted] yesterday. The [redacted] as high as [redacted] before closing [redacted] 115.95, the day's low, but 0.27 points higher [redacted] Friday's close. The future then drifted to just below 116 in London trading.

Mr David Knee, economist at Daiwa Europe in London, said the future was likely to trade [redacted] 115.50 and 116.40 in [redacted] short term, in the light [redacted] the support shown [redacted] 114.50 last week. He [redacted] that [redacted] investors [redacted] switching [redacted] of the benchmark [redacted] 157 10-year government bond into [redacted] year [redacted] following [redacted] 157's outperformance of 10 basis points [redacted] week.

■ US bond [redacted] showed [redacted] change yesterday morning in a quiet session ahead [redacted] today's Treasury auction [redacted] $17bn in [redacted] two-year notes.

By midday, [redacted] benchmark 30-year government bond was [redacted] higher [redacted], [redacted] the yield slipping to 6.271 per cent. At the short end, the two-year [redacted] unchanged at 100 [redacted], to yield 4.045 per cent.

The market opened on a weak note but prices soon found support in light trading, despite underlying concern over today's influx of supply. The auction is to be followed by the sale of $12bn in five-year securities tomorrow.

Activity was also restrained by uncertainty over the economic fundamentals. Traders were anxiously awaiting Friday's report on fourth-quarter gross domestic product.

A strong reading, however, is unlikely [redacted] provide firm direction, [redacted] the economic impact [redacted] Los Angeles earthquake and a bout [redacted] freezing [redacted] has yet to [redacted] determined.

Turkish bank in US private placement

By Tracy Corrigan

Bankers Trust has completed a $65m US private placement of certificates backed by credit card receivables serviced by Interbank, the private Turkish bank.

It is the first time that any Turkish borrower other than the Republic has tapped the US market and follows a similar offering in the Eurobond market in 1992, also arranged by Bankers Trust, according to Mr Rahmi Sayder, vice-president of BT's European asset-backed securities group.

The certificates are issued by Interbank/AKK Trust, a special purpose vehicle, which has purchased the right to receivables of Eurocard, MasterCard and Visa credit cards used by foreign tourists and business travellers in Turkey.

Interbank's wholly owned subsidiary, Anadolu Kredi Karti (AKK), is a market leader in international credit card processing in Turkey.

The credit [redacted] receivables deal allows Interbank to secure medium-term funding. [redacted] has a final maturity of five years and a four-year [redacted] life. Bankers Trust declined to [redacted] the coupon or yield spread paid on [redacted] fixed-rate securities.

The certificates, rated [redacted] by [redacted] rating agency Duff [redacted] Phelps, [redacted] placed with US institutions such as insurance companies, Mr Sayder said.

He added that similar structures, using credit card [redacted] other receivables such as [redacted] receivables, could be used in other countries, for example in [redacted] Eastern Europe. "This is a great way of mobilising assets which [redacted] not being used," he said.

Ontario in C$1.25bn global offer

By [redacted] Middelmann

A C$1.25bn global bond offering for the [redacted] Province of Ontario was [redacted] highlight of an otherwise slow day in the Eurobond market.

After record [redacted] during the first three [redacted] syndicate officials say the market may [redacted] for a period [redacted] in [redacted] near [redacted]

"Everyone is [redacted] long of paper, and I think most of us would [redacted] digest all the recent supply," [redacted] one official.

Ontario's 30-year global bond met [redacted] strong demand [redacted] was oversubscribed, according [redacted] its lead [redacted] and [redacted] issuer.

"There was tremendous demand in Europe – it came in [redacted] stronger [redacted] expected," [redacted] Mr John Madden, [redacted] deputy minister [redacted] for the province.

[redacted] some 43 per [redacted] to [redacted] accounts, [redacted] per [redacted] flowed [redacted] the US, [redacted] per [redacted] issue was bought by European investors, and the remaining 10 [redacted] Japan [redacted] rest of Asia.

According to one of the lead managers, much of the [redacted] had been pre-placed [redacted] week, ensuring a smooth launch. "The book [redacted] strong on Friday that [redacted] launch [redacted] brought [redacted] a bit," he said.

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Investors' appetite for Canadian dollar [redacted] on widespread expectations [redacted] Canada's currency [redacted] bond [redacted] will outperform their [redacted] counterparts.

In addition, the country's positive inflation outlook has [redacted] investor [redacted] in very long-dated bonds. Standard [redacted] Poor's [redacted] confirmation [redacted] the province's AA-minus long-term [redacted] rating [redacted] helped boost investor confidence, [redacted]

The [redacted] ended [redacted] day [redacted] bid, yielding 51.5 [redacted] points [redacted] corresponding government bond. That was below the 53 [redacted] point launch spread, which in turn [redacted] the low [redacted] of market expectations.

Given [redacted] yesterday's deal, many syndicate officials [redacted] expect Ontario's planned [redacted] floating-rate [redacted] be launched [redacted] week.

[redacted] will [redacted] lead-managed by Lehman [redacted] Merrill Lynch, [redacted] traders [redacted] calling for $1.5bn of five-year floating-rate notes paying a spread of eight to [redacted] points [redacted] Libor.

The day's [redacted] global bond, a SKr1.5bn five-year offering for the Nordic [redacted] via Merrill Lynch, got a more muted reception.

The issue [redacted] priced today [redacted] spread of [redacted] to [redacted] points over [redacted] corresponding [redacted] government bond, [redacted] traders expecting the launch spread [redacted] towards the upper end of [redacted] range.

Given [redacted] week's heavy supply of [redacted] krona five-year [redacted] the deal [redacted] likely to [redacted] quite slow [redacted] get off the ground.

[redacted] the D-mark sector, LKB Baden-Württemberg Finance increased its outstanding issue of [redacted] cent [redacted] September 2008 by another [redacted]m.

[redacted] bonds [redacted] the day [redacted] 101 bid, [redacted] from their [redacted] re-offer price, lead manager J.P. Morgan said. The yield spread remained [redacted] 67 [redacted] points over bunds.

According [redacted] one syndicate official, [redacted] D-mark sector is beginning to benefit from flows out of other so-called [redacted] European bond markets, such [redacted] France, Belgium [redacted] the Netherlands. "Germany has underperformed so much it has become ridiculously cheap," [redacted] said.

[redacted] Eurosterling sector, Rothschild Continuation [redacted] issued [redacted] of perpetual [redacted] via Hoare Govett, NM [redacted] and Salomon Brothers. At [redacted] re-offer price of [redacted] they yielded [redacted] points over the 8% per [redacted] gilt [redacted] 2017.

According to [redacted] of [redacted] [redacted], the [redacted] taken up mainly by UK institutions, though [redacted] demand from Switzerland [redacted] also [redacted]. "[redacted] the high [redacted] and it [redacted] duration to their portfolios," he said.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	[redacted]	[redacted]	Fees %	Spread bp	Book runner
[redacted]							
SCCMT I, [redacted] 1994-1, A	750	4.65#	98.858R	Feb.1997	0.25R	+35.4(4¾%-96)	Citibank
SCCMT I, Series 1994-1, B	48	4.85#	98.871R	Mar.1997	0.30R	+65 (4¾%-96)	Citibank
Union Bank of Finland‡	100	(a)	99.945R	Feb.1997	0.125R	-	[redacted] Bank
Bank [redacted] Asia(b)§	75	(3½-4)	100.00	[redacted]	[redacted]	-	CS [redacted]
D-MARKS							
LKB Baden Württemberg Fin.(c)	750	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Rheinische Hypothekenbank‡	100	(d)	[redacted]	[redacted]	2.50	-	[redacted]
STERLING							
Rothschild Continuation(e)	125	9.00	[redacted]	[redacted]	[redacted]	[redacted]-17)	Govett/Rothschild/Salomon
FRENCH FRANCS							
Bayerische Landesbank(f)	500	(f)	100.00	Feb.2002	-	-	CDC
CANADIAN DOLLARS							
Province of Ontario	1.25bn	7.50#	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
GUILDERS							
[redacted] Investeringsbank	500	5.25	99.42R	[redacted]	[redacted]	+10 (6¾%-00)	ING Bank
Aegon	250	5.125	99.50R	[redacted]	0.25R	+15 (6¾%-99)	ABN [redacted]
AUSTRALIAN DOLLARS							
Treasury Corp. of [redacted]	200	[redacted]	[redacted]	[redacted]	[redacted]	+38 (g)	Swiss Bank Corp.
SWEDISH KRONOR							
Nordic Investment Bank	1.5bn	(h)	[redacted]	[redacted]	[redacted]	(h) (11%-99)	Merrill Lynch Intl.
[redacted] FRANCS							
Shougang Concord Grand(i)*§	[redacted]	1.50	[redacted]	[redacted]	-	-	Yamaichi Bank(Switz.)

Final terms [redacted] The yield [redacted] government [redacted] is supplied by [redacted] lead manager. *Private placement. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: [redacted] re-offer price; fees are shown at the re-offer level. a) Coupon: 3-mth Lib[redacted]%. b) Fixing expected Thursday. Conv prem indicated at 10-15%. Man[redacted] convertible from 9/3/99 subject to 140% rule or anytime if 5% of issue outstanding. c) Fungible with outstanding DM1.5bn. Plus [redacted] accrued. d) Coupon: 5.625% fxd for 1st [redacted] yrs, 6-mth Libor flat for next 5 yrs and 7% fxd thereafter. e) Callable at par on 15/2/24 and every [redacted] yrs thereafter. Callable [redacted] higher of par or a level yield to gilts from 15/2/94-15/2/24. f) 2-tranche CAC-linked deal. Put [redacted] (g) Spread is over interpolated yield curve. h) Priced today at 10-15bp over Swedish Govt Bond 1028. i) Conversion price: [redacted], [redacted] to [redacted] on [redacted] at [redacted] falling ½% [redacted] on 31/12/98 [redacted]

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red [redacted]	Price	Day's change	[redacted]	Week ago	Month [redacted]
Australia		9.500	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
Belgium		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Canada *		[redacted]	[redacted]	108.3500	[redacted]	[redacted]	[redacted]	[redacted]
Denmark		7.000	12/04	[redacted]	+0.270	[redacted]	5.95	[redacted]
France	BTAN	[redacted]	[redacted]	110.7700	-0.040	5.13	[redacted]	[redacted]
	OAT	[redacted]	[redacted]	107.8400	+0.170	5.67	[redacted]	5.72
Germany		[redacted]	09/03	101.9000	-0.060	5.73	[redacted]	5.66
Italy		8.500	01/04	100.9200	+0.240	8.36†	8.54	8.44
Japan	[redacted]	4.800	06/99	109.2870	+0.140	2.82	2.50	2.43
	No 157	4.500	06/03	[redacted]	+0.310	[redacted]	3.15	[redacted]
Netherlands		5.750	01/04	100.6000	-0.020	5.67	[redacted]	5.65
Spain		[redacted]	[redacted]	117.4200	+0.050	[redacted]	8.02	[redacted]
UK Gilts		9.750	01/98	114-08	+3/32	5.66	[redacted]	5.69
		6.750	11/04	104-22	+4/32	6.09	[redacted]	6.23
		9.000	10/08	124-10	+7/32	[redacted]	[redacted]	[redacted]
US Treasury *		5.750	[redacted]	100-19	+5/32	5.67	5.73	5.81
		[redacted]	[redacted]	99-25	+8/32	6.27	6.29	6.30
ECU [redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	5.95	[redacted]

London [redacted] *New York mid-day. Yields: Local market [redacted]
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. [redacted] MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	130.50	130.76	+0.08	130.78	130.40	165,869	128,471
Jun	130.02	130.30	+0.08	130.32	129.94	1,002	13,568
Sep	129.14	129.42	+0.08	129.14	129.14	[redacted]	1,066

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Jun
128	-	2.78	-	-	[redacted]	0.42
129	-	1.87	-	-	0.14	0.71
130	0.76	1.06	-	0.05	0.33	1.10
131	0.12	0.50	0.87	0.39	0.76	-
132	0.02	[redacted]	0.48	-	-	-
133	-	[redacted]	0.29	-	-	-

Est. vol. total, Calls 26,023 Puts 31,787. Previous day's open int., Calls 299,365 Puts 360,365.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
[redacted]	100.01	100.13	+0.04	100.20	99.77	165736	171116
Jun	[redacted]	[redacted]	[redacted]	100.11	99.86	883	3352

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS [redacted]
10000	0.51	0.97	0.38	0.87
10050	0.28	0.74	0.65	1.14
10100	0.14	0.54	1.01	1.44

Est. vol. total, Calls 39401 Puts 27002. Previous day's open int., Calls 210192 Puts 184618

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths [redacted]

	Open	[redacted]	[redacted]	High	[redacted]	Est. vol	Open int.
Mar	[redacted]	[redacted]	+0.01	102.93	[redacted]	283	10027

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m [redacted]

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	[redacted]	118.93	+0.60	[redacted]	117.97	47552	86122
Jun	118.42	119.14	+0.69	119.09	118.28	453	3750

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

[redacted] Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
11850	1.27	2.60	0.84	1.96
11900	1.00	2.35	1.07	2.21
11950	0.77	2.12	1.34	2.48

Est. vol. total, Calls 1016 Puts 1078. Previous day's open int., Calls 47290 Puts 52027

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	[redacted]	106.43	+0.23	106.49	105.90	40,683	87,829
Jun	[redacted]	[redacted]	+0.23	106.40	106.25	590	7,770

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	[redacted]	[redacted]	Change	High	Low	Est. vol	Open int.
Mar	119-19	119-25	0-05	119-27	119-14	47269	103608
Jun	119-05	119-05	0-05	119-05	119-05	14	585

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
119	1-21	1-56	0-35	1-48
120	0-49	1-27	0-63	2-17
[redacted]	0-25	1-03	1-39	2-57

Est. vol. total, Calls 2631 Puts 2269. Previous day's open int., Calls 32540 Puts 73214

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.20	121.52	+0.08	121.52	121.16	4,789	13,891
Jun	-	96.62	+0.08	-	-	-	190

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	[redacted]	Change	[redacted]	Low	Est. vol.	Open int.
Mar	116-10	116-07	-	116-11	[redacted]	[redacted]	[redacted]
Jun	[redacted]	115-04	-	[redacted]	114-27	[redacted]	17,342
Sep	113-27	[redacted]	[redacted]	114-06	113-27	[redacted]	[redacted]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	[redacted]	[redacted]	Change	[redacted]	Low	Est. vol	Open int.
[redacted]	115.90	-	-	115.93	[redacted]	1217	[redacted]
Jun	114.68	-	-	[redacted]	114.68	15	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Jan 24	Day's change %	Fri Jan 21	[redacted] interest	xd adj. ytd		Low coupon yield Jan 24	Jan 21	Yr. ago	Medium coupon yield Jan 24	Jan 21	Yr. ago	High coupon yield Jan 24	Jan 21	Yr. ago
1 Up to 5 years (26)	[redacted]	[redacted]	[redacted]	1.30	1.23	5 yrs	[redacted]	5.65	[redacted]	5.87	5.87	7.40	5.98	5.98	7.59
2 5-15 years [redacted]	162.87	+0.07	[redacted]	2.[redacted]	[redacted]	[redacted]	[redacted]	6.33	[redacted]	[redacted]	6.42	8.78	6.64	[redacted]	[redacted]
3 [redacted] 15 years (8)	190.19	+0.14	189.93	1.07	1.64	20 yrs	[redacted]	6.43	[redacted]	[redacted]	6.46	8.98	6.66	6.67	9.12
4 Irredeemables (6)	230.74	+0.08	230.56	2.20	[redacted]	Irred.†	6.82	6.52	[redacted]						
5 All stocks [redacted]	157.27	+0.07	157.39	1.84	1.22										

Index-linked							[redacted] 5% [redacted]	[redacted]	Yr. ago	Inflation 10% Jan 24	Jan 21	Yr. ago
6 Up [redacted] 5 years (2)	[redacted]	+0.02	191.36	1.56	0.00	Up to 5 yrs	[redacted]	[redacted]	2.40	1.31	1.30	1.84
7 [redacted] 5 years (11)	192.91	+0.02	192.88	0.50	0.57	Over 5 yrs	2.90	2.90	3.82	2.72	2.71	[redacted]
8 All stocks (13)	191.81	+0.02	191.78	0.61	0.51							

Debentures and Loans						5 year yield Jan 24	Jan 21	Yr. ago	15 year yield Jan 24	Jan 21	Yr. ago	25 year yield Jan 24	Jan 21	Yr. ago
9 [redacted]	158.84	[redacted]	158.47	[redacted]	[redacted]	[redacted]	7.33	[redacted]	[redacted]	7.44	[redacted]	7.50	7.52	10.08

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 24	Jan 21	Jan 20	Jan 19	Jan 18	Yr ago	High*	[redacted]
Govt. Secs. (UK)	107.04	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fixed Interest	133.68	[redacted]	[redacted]	132.79	131.57	109.31	[redacted]	[redacted]

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Jan 21	Jan 20	Jan 19	Jan 18	[redacted] 17
[redacted] Edged bargains	102.9	128.8	145.8	[redacted]	101.8
[redacted]	[redacted]	127.3	126.7	[redacted]	123.9

FT/ISMA [redacted]ATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on January 24

U.S. DOLLAR STRAIGHTS	[redacted]	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 6½ 03	1000	101½	101⅞		[redacted]
AlbertaProvince 9⅜ 95	600	[redacted]	[redacted]		4.30
Austria 8½ 00	[redacted]	114½	114⅞		5.59
Bank of Tokyo 8⅜ [redacted]	100	107½	[redacted]	+¼	[redacted]
Belgium 6⅝ 98	250	116⅝	116⅞	+⅛	[redacted]
BFCE 7¼ 97	150	108¼	108⅝		[redacted]
British Gas 0 21	1500	13⅞	13⅝	+⅛	7.51
Canada 9 96	1000	109	109⅛		4.38
CCCE 9¼ 95	300	105½	[redacted]	-¼	[redacted]
Cheung Kong Fin 5½ 98	500	96½	97	-⅛	6.36
Council Europe 8 95	100	[redacted]	[redacted]	+⅛	4.66
Credit Foncier 9½ 99	300	117⅝	118	+⅛	6.43
Denmark 9¼ 95	1571	105⅞	106⅛		3.94
ECSC 8¼ 96	193	109	[redacted]		[redacted]
EEC 8¼ 96	100	108⅛	[redacted]	+⅛	[redacted]
EIB 7¾ 96	250	107⅛	[redacted]	+⅛	4.55
EIB 9¼ 97	1000	114⅛	114⅝	-⅛	[redacted]
Elec de France 9 98	200	113¾	114⅛	+⅛	5.21
Eurofima 9¼ 96	100	[redacted]	[redacted]		4.53
[redacted] Bank [redacted] 8 [redacted]	500	112½	112⅞		[redacted]
Export Dev Corp 9½ 98	150	116	116½		5.36
[redacted] 7⅝ 97	200	107½	[redacted]		[redacted]
Finnish Export 9⅜ 95	200	108⅛	[redacted]		4.37
Ford Motor Credit 6¼ 98	1500	103⅛	[redacted]		5.46
Gen Elec Capital [redacted] 96	300	110⅝	110⅞	+⅛	[redacted]
GMAC 9⅛ 96	200	108⅛	108⅜	+⅛	[redacted]
Ind Bk Japan Fin 7⅞ 97	200	107½	[redacted]		5.28
Inter Amer Dev 7⅝ 96	200	107¼	107⅝		[redacted]
Italy 6⅞ 23	[redacted]	95¼	95½	-¼	7.31
Japan Dev Bk 8⅜ 01	[redacted]	114½	114⅞	-⅛	5.81
Kansai Elec Pwr 10 98	350	110⅝	111⅛		[redacted]
LTCB Fin 8 97	200	107¼	108	+⅛	[redacted]
Matsushita Elec 7¼ 02	1000	108⅛	107⅝		6.31
Nippon Cred Bk 10⅞ 95	150	107⅝	108⅜	-⅛	4.78
Nippon Tel Tel 9⅜ 95	200	105⅝	106	-⅛	[redacted]
[redacted] 7¼ [redacted]	3000	107⅛	107⅜		4.80
Ontario 7⅜ 03	3000	107½	107¾		6.37
Oster Kontrollbank 8½ 01	200	115¼	115⅝		5.82
Petro-Canada 7¼ 96	300	105½	106⅛		[redacted]
Portugal 5¾ 03	1000	96⅞	97⅛		6.28
Quebec Hydro 9¾ 98	150	116⅛	116⅝		[redacted]
Quebec Prov 9[redacted]	200	112⅝	[redacted]		5.63
Sainsbury 9⅛ 96	150	110⅝	110⅞	+⅛	[redacted]
SAS 10 99	200	114⅞	115⅜	+½	6.59
[redacted] 9⅛ [redacted]	500	105⅝	[redacted]	-⅛	4.31
SNCF 9½ 98	150	116¼	116⅝		5.32
Spain 6½ 99	1500	104⅛	104⅞		5.52
State Bk NSW 8½ 96	[redacted]	108⅛	108½		4.86
Sweden 5½ 95	2000	102⅛	102⅜		[redacted]
Swedish Export 8⅜ 98	700	107⅞	108⅛		4.53
Tokyo Elec Power 8⅜ 98	300	109½	109⅞		4.73
Tokyo Metropolis 8¼ 96	300	109	109⅜	-⅛	4.71
Toyota Motor 5⅝ 98	1500	101½	101⅞	-⅛	5.21
United Kingdom 7¼ 02	3000	108⅛	[redacted]		6.00
World Bank 8⅜ 99	1500	114½	114⅞		[redacted]
World Bank 8¼ 97	1500	111⅞	112⅛		[redacted]
DEUTSCHE MARK STRAIGHTS					
Austria 5⅞ 97	500	102⅞	102⅞	-⅛	5.03
Belgium 7¾ 02	500	109¾	110⅛	-⅛	6.18
Credit Foncier 7¼ 03	2000	106½	106¾		6.29
Denmark 6⅛ 98	2000	103¼	103⅞	+⅛	5.24
Deutsche Finance 7½ 95	1000	102⅛	102¼		5.26
[redacted]	[redacted]	[redacted]	[redacted]	-⅛	[redacted]
[redacted]	2000	[redacted]	[redacted]		5.49
EIB 7½ 99	400	111½	111⅞	-¼	[redacted]
Finland 7½ 00	3000	[redacted]	[redacted]	+⅛	[redacted]
Ireland 7⅞ 02	500	109⅝	110⅛		[redacted]
Italy 7¼ 98	5000	[redacted]	105⅜	+⅛	5.46
Spain 7¼ 03	4000	[redacted]	107	-⅛	6.24
Sweden 8 97	2500	108⅞	109⅛		[redacted]
Tokyo Elec Power 7⅝ 02	1000	108⅞	109⅞	-½	6.29

	[redacted]	Bid	Offer	Chg.	Yield
[redacted] 7⅛ 97	5500	108½	108⅝		6.17
[redacted] Fin 7 03	1000	103¼	103¾	-⅛	6.52
World Bank 0 15	2000	26	26¼	-⅛	[redacted]
World Bank 5¼ 96	300	[redacted]	[redacted]		[redacted]
World Bank 8¾ 00	[redacted]	116⅞	117⅛	-⅛	[redacted]
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	114½	115		4.73
Austria 4½ 00	1000	103¾	103⅞		3.79
Council Europe 4¾ 98	250	103¾	104	+¼	[redacted]
EIB 6¼ 04	300	114¼	114½		5.00
Elec de France 7¼ 06	100	116½	117		5.36
Finland 7¼ 99	300	114	114¼		4.41
General Motors 7½ 95	100	103¾	103⅞		4.62
Hyundai Motor Fin 6½ 97	100	110	111	-⅛	5.38
Iceland 7⅞ 00	100	115⅛	116⅛	-⅛	4.75
Kobe 6⅛ 01	240	111⅞	112¼	-¼	[redacted]
Ontario 6¼ 03	400	110¼	110½		4.62
Quebec Hydro 5 08	100	100¼	101½		4.92
SNCF 7 04	450	119⅛	119¼	-⅛	4.68
World Bank 5 03	150	102⅝	[redacted]	-⅛	[redacted]
[redacted] 7 01	600	118	118⅛	-⅛	4.34
YEN STRAIGHTS					
Belgium 5 99	75000	[redacted]	[redacted]		[redacted]
Denmark 7 95	40000	106	[redacted]		[redacted]
EIB 6⅝ 00	100000	117	117¼		3.50
Elec de France 5⅝ 98	20000	106	[redacted]		2.57
Finland [redacted] 96	50000	[redacted]	109⅛	+⅛	2.38
Inter Amer Dev 7¼ 00	30000	121⅛	[redacted]	-⅛	3.42
Japan Dev Bk 6 99	100000	109⅛	109⅜		3.22
Japan Dev Bk 6½ 01	120000	118¼	118½		3.71
Nippon Tel Tel 5⅞ 98	50000	[redacted]	108⅞		[redacted]
Norway 5⅛ 95	50000	103⅞	[redacted]		[redacted]
SNCF 6¼ 00	30000	117⅝	117⅞	-⅛	[redacted]
Sweden 5⅝ 95	20000	105½	106	+⅛	[redacted]
World Bank 6¼ 00	50000	117¾	118	-⅛	[redacted]
OTHER STRAIGHTS					
Arbed 7½ 95 LFr	600	100¾	101¼		6.90
Genfinance Lux 9¼ 99 LFr	1000	109	110		6.99
World Bank 8 96 LFr	1000	103⅞	104⅛		[redacted]
Bank Voor Ned Gem 7⅝ 02 Fl	1000	109½	109⅞		6.20
Energie Beheer 8¾ 98 Fl	500	113	113⅜		[redacted]
AlbertaProvince 10⅝ 95 C$	500	111⅛	111⅝		[redacted]
Bell Canada 10⅝ 99 C$	150	118½	119⅛	+⅛	6.49
British Columbia 10 98 C$	500	111⅛	111½	+⅛	[redacted]
EIB 10⅛ 98 C$	130	116⅝	117⅛	+⅛	[redacted]
Elec de France 9¾ 99 C$	275	116¾	117⅛	+⅛	8.12
Gen Elec Capital 10 96 C$	300	110¾	111⅛	+⅛	[redacted]
KfW Int Fin 10 01 C$	400	119⅛	119⅝	+⅛	[redacted]
Nippon Tel Tel 10¼ 99 C$	200	119⅛	119⅝	+⅛	[redacted]
Ontario 8 03 C$	1500	[redacted]	108¼	+⅛	[redacted]
Ontario Hydro 10⅞ 99 C$	500	[redacted]	121	+⅛	[redacted]
Oster Kontrollbank 10¼ 99 C$	150	118¼	[illegible]	+⅛	[redacted]
Quebec Prov 10½ 98 C$	200	118¼	118¾	+⅛	6.07
Belgium 9⅝ 98 Ecu	1250	108⅞	[illegible]	-⅛	5.52
Council Europe 9 01 Ecu	1100	117⅞	118⅜	-⅛	[redacted]
Credit Lyonnais 9 96 Ecu	125	106	106½	-⅛	[redacted]
EIB [redacted] Ecu	1125	112⅛	112⅞	-⅛	5.57
Ferro del Stat 10⅛ 98 Ecu	[redacted]	114½	114⅞	+⅛	5.80
Italy 10¾ 00 Ecu	1000	120⅛	120½	-⅛	[redacted]
Spain 9 98 Ecu	1000	107¼	107⅞		5.57
United Kingdom 9⅛ 01 Ecu	2750	118⅝	[redacted]		5.87
AIDC 10 99 A$	100	114¼	114⅞	+⅛	[redacted]
BP America 12¼ 96 A$	100	111⅞	112¼		[redacted]
Comm Bk Australia 13¾ 99 A$	100	121⅞	122⅛	-	[redacted]
Eksportfinans 12½ 95 A$	75	[redacted]	[redacted]	+⅛	6.54
[redacted] Canada 15 95 A$	100	112⅛	112⅞	+⅛	5.74
NSW Treasury Zero 0 20 A$	1000	15¼	15½	+⅛	7.26
R & I Bank 7¾ 03 A$	125	103⅞	104⅜	+⅛	7.18
Sth Aust Govt Fin 9 02 A$	150	111⅞	111⅞		[redacted]
Unilever Australia 12 98 A$	150	119⅛	[redacted]		[redacted]

	Issued	Bid	Offer	Chg.	Yield
Alliance Leics 11⅞ 97 £	100	115½	116	-⅛	8.02
British Gas 12¼ 95 £	300	107⅛	107⅝	-⅛	6.58
British Land 8⅞ 23 £	150	[redacted]	[redacted]	-⅛	[redacted]
EIB 10 97 £	837	111¼	112⅛		6.68
Halifax 10⅜ 97 £	100	[redacted]	[redacted]		[redacted]
Hanson 10⅜ 97 £	500	[redacted]	113⅝	+¼	6.27
HSBC Holdings 11.69 02 £	153	125¼	126¼	-⅛	[redacted]
Italy 10½ 14 £	400	131½	131⅞	+⅛	[redacted]
Japan Dev Bk 7 00 £	200	105¼	105⅝		6.02
Land Secs 9½ 07 £	200	116¾	117		7.46
Ontario 11⅛ 01 £	100	123⅞	124¼	+⅛	6.76
Powergen 8⅞ 03 £	250	113⅞	114¼		6.79
Severn Trent 11½ 99 £	150	122⅛	122½		6.84
Tokyo Elec Power 11 01 £	150	125¼	125⅝	-¼	6.65
World Bank 11¼ 95 £	100	107¼	107⅝		6.41
Abbey National 0 98 NZ$	100	85⅝	86⅛		6.81
TCNZ Fin 9¼ 02 NZ$	75	117⅝	118⅛	-⅛	6.46
CEPME 10 95 FFr	2000	105⅝	106	+⅛	[redacted]
Elec de France 8¾ 22 FFr	3000	127¼	128⅛		6.57
[redacted] 8¾ 97 FFr	[redacted]	111⅛	111½	-⅛	5.38

[redacted] RATE [redacted]	[redacted]	Bid	Offer	C.cpn
Banco Roma 0 99	200	99.62	[redacted]	3.3750
Belgium ⅛ 97 DM	500	[redacted]	[redacted]	6.4375
BFCE -0.02 98	[redacted]	99.90	100.02	3.4175
Britannia 0.10 98 £	150	[redacted]	[redacted]	5.7875
CCCE 0 06 Ecu	200	98.76	99.02	[redacted]
Citicorp Bkg ¼ 95	400	[redacted]	[redacted]	5.2500
Credit Lyonnais 1/16 00	300	99.97	100.44	5.0000
Denmark -⅛ 96	1000	99.60	99.70	3.1675
Dresdner Finance ⅛ 98 DM	1000	99.92	100.00	[redacted]
Elec de France ⅛ 99	[redacted]			5.2500
Ferro del Stat 0.10 97	420	99.83	100.07	3.4125
Finland 0 97	1000	100.04	100.13	3.4141
[redacted] BS [redacted] 96 £	350	99.97	100.02	[redacted]
Ireland 0 98	300	[redacted]	99.93	3.4400
Italy ¼ 98	2000	[redacted]	100.05	3.5625
Leeds Permanent ⅛ 96 £	200	[redacted]	[redacted]	[redacted]
Lloyds Bank Perp S 0.10	600	83.89	84.96	3.5375
Malaysia 1/16 05	[redacted]	100.21	[redacted]	[redacted]
[redacted] 0.08 96 £	[redacted]	99.88	99.99	5.5466
New Zealand ⅛ 98	250	99.96	100.11	3.4590
Renfe 0 98	500	[redacted]	[redacted]	3.3750
Societe Generale 0 96	300	99.63	99.78	3.2612
Staatsbank Berlin -0.05 98 DM	5000	99.93	100.02	[redacted]
State Bk Victoria 0.05 99	125	99.66	[redacted]	3.5344
Sweden 0 98	1500	[redacted]	100.31	3.5000
United Kingdom -⅛ 96	4000	99.88	99.94	3.1250

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	[redacted]	102¾	[redacted]
Chubb Capital 6 98	250	66	[redacted]	108½	
Eastman Kodak 6⅞ 01	300	41.52	107¼	108⅛	+4.76
Gold Kalgoorlie 7½ 00	65	1.0554	126½	128	+17.88
[redacted] 9½ [redacted]	[redacted]	2.5875	124⅞	[redacted]	+15.80
Hawley Pref 6 02	400	19.1	134⅞	[redacted]	
Land Secs 6¾ 02 £	84	6.72	111¼	112¼	[redacted]
Lasmo 7¾ 05 £	90	5.64	92⅝	93⅞	
Mitsui Bank 2⅝ 03	[redacted]	[redacted]	94	96	+20.66
Mount Isa Fin 6½ 97	100	[redacted]	103⅝	104⅝	+30.53
[redacted] Power 6¾ 08 £	250	4.33	126⅞	128¼	+12.08
Ogden 6 02	85	39.077	[illegible]	97	+65.81
Smith Nephew 4 02 £	90	1.775	[redacted]	111⅞	+25.19
Sumitomo Bank 3¼ 04	300	3608.9	90⅛	91⅞	+28.85
Sun Alliance 7¼ 08 £	155	3.9	120¾	121¾	+30.25
Tesco Capital 9 05 £	200	2.51	127	128	+30.81
Texas Instruments 2¾ 02	300	82⅞	103¼	104⅛	+17.22

* No information available - previous day's price
‡ Only one market maker supplied a price

[redacted] BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change [redacted]
FLOATING RATE NOTES: Denominated [redacted] otherwise indicated. [redacted] is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US [redacted] C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GI[redacted]RICES

Shorts* (Lives up to Five Years) · Five to Fifteen Years · Over Fifteen Years · Undated · Index-Linked

Other Fixed Interest

[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Menzies pleases City with advance to £6.3m

By Peter Pearse

Mr John Menzies, chairman of the retail and wholesale chain which carries his name, said that the group's interim results continued to show the improving trend of the last few years.

In the six months to October 30 pre-tax profits jumped from £3.8m to £6.3m, though Mr Ranald Noel-Paton, group managing director, [illegible] they were skewed by £500,000 [illegible] losses last time from the now sold Hammick's retail bookshop chain, [illegible] by halved interest [illegible] of [illegible] this time.

The reduced [illegible] reflected, he said, the strength of the group and its cashflow [illegible] well as the management [illegible] working capital.

On the profits front, he said he was [illegible] encouraged by [illegible] 20 [illegible] cent [illegible] in operating profits on continuing operations [illegible] £7.1m (£5.9m). The shares rose 30p to 654p on the day.

The main engine of growth was [illegible] distribution [illegible] which, as a high volume, low margin business "concentrates the mind", according to Mr Noel-Paton.

He echoed his chairman in [illegible] disappointment [illegible] government gave the outcome of the MMC's 18-month inquiry into the [illegible] tribution of [illegible] in England and Wales, but was confident the group would not suffer from the government's intended liberalisation of news[illegible] wholesaling.

[illegible] (home [illegible] and [illegible] wholesaling) [illegible] performed [illegible] in [illegible] period.

The retail side showed a similar pattern as previously, with Early Learning Centres "really performing well" with "a sales [illegible]" balancing [illegible] Menzies Retail chain, which is being restructured.

ELC [illegible] 177 outlets, two [illegible] which are superstores, which carry clothing and nursery [illegible] toys [illegible]. Mr Noel-Paton [illegible] new format [illegible] "huge turnover".

JM [illegible] to [illegible] redesigned [illegible] from generalist outlets to multi-spe[illegible] shops.

[illegible] also [illegible] per [illegible] like-for-like [illegible] retailing sales [illegible] Christmas period with music [illegible] fore[illegible].

Group turnover [illegible] £573.1m (£539.3m) [illegible] the [illegible] is lifted to 4.1p (3.8p), payable from [illegible] ings [illegible] dou[illegible] 5.9p (2.9p).

Ranald Noel-Paton: music sales at forefront over Christmas

Huntingdon shares fall 28p on warning

By Catherine Milton

Shares in Huntingdon International Holdings fell almost a fifth [illegible] the life sciences, engineering and environmental company issued [illegible] second profits warning in 12 months and blamed the parlous [illegible] of the green industry.

The shares [illegible] lower at 119p.

Huntingdon said trading conditions in its US and UK-based engineering and environmental services [illegible] even [illegible] than the [illegible] had indicated when annual results showing a [illegible] per [illegible] slide in pre-tax profits to [illegible] were pub[illegible] in December.

It now planned to bring in specialist consultants to [illegible]duct a four-week review [illegible] environmental and engineer[illegible] operations.

"To expect environmental matters will provide [illegible] gratuitous upturn in [illegible] no [illegible] run [illegible] business. We [illegible] recognised that – [illegible]haps we should have recognised [illegible] sooner," [illegible] Mr Christopher Cliffe, finance [illegible].

"[illegible] have [illegible] decide whether the [illegible] engineering [illegible] environmental services still makes [illegible] in view [illegible] governments' willingness to [illegible] compliance [illegible] off any major infrastructure projects in the UK," he said.

Moreover, [illegible] legislation in [illegible] US [illegible] yet [illegible] materialise. The [illegible] had hoped [illegible] would increase [illegible] workload [illegible] people it employs in engineering and environmental services operations at 70 [illegible].

The business, which [illegible] about 52 [illegible] of Huntingdon's [illegible] following [illegible] year's £3m rationalisation, [illegible] up in [illegible], growing mainly through a series of small [illegible] until 1991 when [illegible] ran into [illegible].

Sorting the debt from the equity

FRS 4 takes effect in June. **Andrew Jack** looks at the ramifications

Mr David Tweedie, chairman [illegible] Accounting Standards Board, did not receive many Christmas [illegible] from merchant bankers this year. His [illegible] salvo [illegible] regulations [illegible] the presentation of capital instruments [illegible] their ire.

From year-ends [illegible] June 22, British company [illegible] will have to comply with the board's fourth Financial Reporting Standard (FRS 4), which [illegible] the [illegible] in which instruments [illegible] classified between [illegible] and equity.

"There will [illegible] lots of [illegible] in the banks late at night with [illegible] towels around their [illegible] trying [illegible] work out [illegible] loopholes in the proposals," [illegible] Mr Tweedie.

The so-called "financial engineering" departments in banks and corporate finance [illegible] made a [illegible] living during the [illegible] in creating [illegible] designed [illegible] favourably bend accounting rules.

The aim [illegible] in part [illegible] create instruments that met [illegible] legal definition of equity, [illegible] keeping gearing low, diverting analysts' attention [illegible] high [illegible] borrowing and reducing [illegible] risk of breaching [illegible].

The result [illegible] increasingly bizarre, tortuous and lengthy [illegible] capital instruments developed by [illegible] houses, [illegible] convertible capital bonds, deep discount bonds and repackaged perpetual debt.

Take the 1991 [illegible]. The company requires [illegible] densely-written three-page note to describe five [illegible] of non-equity shares in issue such [illegible] auction market preferred shares, with allotments shown at their nominal values.

FRS 4 [illegible] by the board last month, almost unaltered from [illegible] draft form [illegible] Financial Reporting Exposure Draft 3 (Fred 3) in December [illegible]. Its [illegible] will be [illegible] advantages of many of [illegible] instruments.

The standard introduces for the [illegible] time [illegible] concept of "non-equity" [illegible] within [illegible] on the balance sheet, [illegible] distinguish equity from instruments [illegible] a [illegible] right [illegible] dividends [illegible]. The [illegible] distinction applies [illegible] minority interests.

[illegible] requires capital instruments to [illegible] classified as liabilities if they contain an obligation to [illegible] other [illegible]. Convertible [illegible] included [illegible] liabilities until it [illegible].

Liabilities themselves should [illegible] current [illegible] non-current according [illegible] their strict contractual maturity, except [illegible] the [illegible] terms.

Mr [illegible] Holgate, technical partner with Coopers [illegible] Lybrand, [illegible]: "FRS 4 has struck [illegible] good balance in getting things in [illegible] right place. [illegible] quite [illegible] principles."

A number [illegible] companies have already fallen in line with the [illegible] requirements. The 1992 Coats Viyella accounts show capital and [illegible] and shareholders' funds on the balance [illegible] split between equity and non-equity, and include redeemable convertible prefer[illegible] shares under long-term [illegible].

Both [illegible] and Tesco now disclose their convertible capital bonds on [illegible] face of the balance sheet as liabilities, while Attwoods [illegible] treats its guaranteed convertible redeemable preference shares [illegible] liabilities.

[illegible] last month's final version of the standard emerged, Mr Andrew Lennard, the project director [illegible] FRS 4 and [illegible] assistant technical director of the board, says: "It's [illegible] remarkably quiet. It [illegible] quite clear that people [illegible] moving in [illegible] right direction."

However, [illegible] mean that there will [illegible] yet be ructions. A [illegible] number of compa[illegible] will [illegible] to implement significant change [illegible] comply with [illegible] new requirements.

According to a [illegible] survey of 415 companies by Company Reporting, the Edinburgh-based monitor of accounts, [illegible] quarter showed evidence of capital instru[illegible].

[illegible] show an apparent balance sheet total [illegible] £724m, [illegible] this [illegible] convertible capital bond of £177m. This will have to be treated as a liability and deducted under FRS 4. [illegible] will £18m in minority interests guaranteed by the parent company.

Thorn EMI's balance sheet total is £719m. But this includes in minority interests £132m of auction preferred stock and £103m of shares guaranteed by the parent, [illegible] of which will have [illegible] be reclassified as non-equity under FRS 4.

Other companies still [illegible]tinuing to include convertible capital [illegible] in their balance sheet totals [illegible] British Airways and Reckitt & Coleman.

Mr Holgate says: "It is surprising how many quirks are developing [illegible] practice." He highlights instances such as the new requirement [illegible] restate and spread the issue costs of instruments over their terms which are concerning companies.

[illegible] he argues that the greatest change will come [illegible] companies being required under [illegible] 4 [illegible] reclassify commercial paper in [illegible] circumstances as short-term debt. That was a reform that [illegible] number opposed in the draft standard, but [illegible] which the board remained firm

The question is how far the financial engineering industry will kotow [illegible] the [illegible] capital instrument requirements, particularly as the costs of raising money begin to increase again with recovery.

Excalibur returns to black following restructuring

By Maggie Urry

A return [illegible] profits and an increase in the interim dividend boosted shares of Excalibur, the precision engineering, giftware and jewellery group, by 6½p to 42p.

Mr Michael Griffiths, chairman, said he looked forward to "a satisfactory outcome for the full year".

Mr Arthur Church, who joined as chief executive last summer, said the group had been restructured into two divisions, precision engineering and consumer products, with [illegible] executives appointed to run [illegible] one.

[illegible] before tax [illegible] six months [illegible] £1.03m (losses of £183,000) and followed a deficit of £6.2m in the year to April 1993 after provisions of [illegible] against the jewellery [illegible].

Group turnover fell from [illegible] £27.4m, as [illegible] jewellery [illegible] was reduced in [illegible] and [illegible] engineering side was affected by [illegible] reducing stocks and moving to shorter lead times. Mr Griffiths said that order books were now picking up.

Engineering turnover fell from £13.8m to £11m with operating profits down from £1.18m to £937,000.

Sales of giftware rose from £10.1m to £10.7m, with profits up from £582,000 to £702,000. Mr Griffiths said that Pic-A-Tape, which provides retailers with audio and video tapes and CDs, had won Littlewoods and Little [illegible] as customers.

Jewellery sales were down from £6.4m to £5.7m, with losses [illegible] £1.11m turned to [illegible] break [illegible] position. These activities are now described [illegible] "non-core" with unprofitable business turned away and [illegible] concentrated on fewer important customers.

Interest charges fell from £837,000 to £808,000 while the [illegible] remained low at 12 per [illegible] to [illegible], which are expected to keep [illegible] rate low [illegible] the full [illegible].

Earnings per share were 1.5p (loss 0.8p) and the interim dividend is raised by a quarter to 0.25p. [illegible] was halved.

● **COMMENT**

[illegible] patience [illegible] sold [illegible] at prices [illegible] side of 10p must be kicking [illegible] now. The jewellery side [illegible] brought under control, [illegible] if rumour is [illegible] believed, could [illegible] disappear. That leaves [illegible] good engineering business, a desig[illegible] supplier [illegible] Rolls-Royce, for example, and an interesting giftware activity. [illegible] forecasts for the year of about £2m suggest a p/e [illegible] about [illegible] with the tax [illegible] staying low. That still leaves something to [illegible] for.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Excalibur ....int	0.25	May 3	0.2	-	0.6
GWR § ....fin	5†	Apr 6	4	9	7
Menzies (John) ....int	4.1	Apr 1	3.8	-	10.8
Mitie ....int	2†	Apr 5	1.5	-	3.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Tring settles copyright dispute with EMI

By Michael Skapinker, Leisure Industries Correspondent

Tring International, the budget price compact [illegible] company, [illegible] agreed [illegible] pay [illegible] EMI Music, which [illegible] for [illegible] of copyright.

The British Phonographic Industry, which represents UK music companies, [illegible] the payment settled cases [illegible] alleged breach of [illegible] recordings by Olivia [illegible] John and [illegible] Puccini's [illegible] Boheme.

The company still [illegible] legal action [illegible] of copyright [illegible] music [illegible] PolyGram and [illegible].

[illegible] John, [illegible] legal affairs, [illegible] Tring had agreed [illegible] pay £10,000 for [illegible] of [illegible] alleged copyright [illegible] and EMI had accepted that.

She added: "The message is clear: all companies [illegible] issuing [illegible] back [illegible]logue recordings must [illegible] extremely careful [illegible] their licensing arrange[illegible]. If there is not a system in place for monitoring licences, [illegible] be. The BPI and its members will continue to pursue vigorously [illegible] further [illegible] copyright such as this."

Tring said: "The financial impact of the [illegible] is [illegible] to the [illegible]. However, we are extremely pleased [illegible] have resolved all matters with EMI."

Tring postponed its stock market flotation last year, citing the weakness of the [illegible] issue market, but said [illegible] planned [illegible] with [illegible] listing [illegible] the first quarter of [illegible]. The company expects [illegible] make pre-tax profits of more than £5m in the [illegible] March 31 1994.

Mr Alan Wheatley, a former chairman of [illegible] capital group [illegible] who had agreed [illegible] be chairman [illegible] company, [illegible] withdrawn. The company [illegible] intends [illegible] appoint Mr Tony Morris, [illegible] former vice president [illegible] PolyGram International.

Israel Fund to raise £100m

By Bethan Hutton

The UK's first specialist Israeli [illegible] trust is to be [illegible] month by Société [illegible] Strauss Turnbull [illegible]. It will be managed by Barclays [illegible] Wedd.

The [illegible] Fund, which will be listed [illegible] the [illegible] Exchange but dollar denominated, aims to [illegible] about [illegible] through [illegible] placing [illegible] for subscription, closing [illegible] March 3. Listing particulars will be published on February 17 [illegible] dealings [illegible] on March 17.

Some UK emerging markets and technology funds currently [illegible] small [illegible] in Israeli companies, but this is the first specialist single-country fund [illegible] Israel [illegible] the US.

The Israeli-PLO peace process is starting to [illegible] investment in [illegible] attractive [illegible] foreign investors, but Mr Roger Hornett, an executive director [illegible] Société [illegible] Equities International, [illegible] the peace process was not the main motivating factor behind [illegible] fund's launch.

Russian immigrants, mostly highly qualified, have increased the [illegible] popula[illegible] by [illegible] 12 per cent [illegible] the last few [illegible]. Mr [illegible] said this immigration had [illegible] all contributed to rising demand in the economy, and [illegible] now adding to production. "Immigration and growth [illegible] been inextricably linked [illegible] period [illegible] time, [illegible] the government [illegible] to dealing with it," [illegible] said.

The fund will invest mainly in [illegible] companies, [illegible] will also have holdings in unquoted and Nasdaq-listed [illegible] will have the option to invest in [illegible] companies deriving significant earnings from [illegible].

Lep gets £89m from sale of property interest

By Andrew Bolger

Lep Group, [illegible] freight [illegible] security company restructured by its banks in 1992, is to sell for £89m its long-term leasehold interest in [illegible] Bank House, the [illegible] Bank Corporation's London headquarters, on the River Thames south of St Paul's Cathedral.

[illegible] in [illegible] property [illegible] owned by [illegible] Paul's Vista, a Lep subsidiary, and had a [illegible] value of [illegible] in Lep's balance [illegible] at the end of 1992.

Swiss [illegible] House is currently used [illegible] of 7.3 [illegible] secured [illegible] of St Paul's Vista, due in 1995. Lep [illegible] proceeds of the [illegible] would be used [illegible] provide alternative security [illegible] the notes, with the net balance being available [illegible] reduce group borrowings.

Lep [illegible] in October it had debts of about [illegible].

The disposal is in line with the group's stated objective of focusing [illegible] its busi[illegible] of international freight forwarding and security services.

Taking stock of the in-store format

A US investment house is backing WEW's expansion plans. Andrew Bolger reports

T[illegible] month's change of title by Amber Day Holdings to WEW Group – named after the discount retailer's chain [illegible] stores, What Everyone Wants – [illegible] billed as marking "a clear separation with the past".

That aspiration was all too understandable. The Glasgow-based company [illegible] recently [illegible] dogged by boardroom turmoil – with three chairmen in the last 16 months – and in November [illegible] provisions and write-offs left the balance [illegible] sadly depleted.

However, [illegible] be entering [illegible] period of greater stability. A placing and £15.5m rights [illegible] month allowed Warburg Pincus, the US investment institution, [illegible] raise its [illegible] in the group from 17 [illegible] to 25 [illegible] cent.

The [illegible] investment house, which [illegible] take long-term positions, is backing [illegible] group's aim to double [illegible] number of [illegible] 125 [illegible] next [illegible] in the [illegible] of expanding [illegible] the whole country from [illegible] rent strongholds in Scotland, the north of England and the Midlands.

Mr [illegible] Carr, who [illegible] as executive chairman in August, is confident [illegible] WEW's distinctive [illegible] can turn it into the leading national [illegible] department store chain, but accepts that rebuilding credibility with investors will [illegible] a long haul.

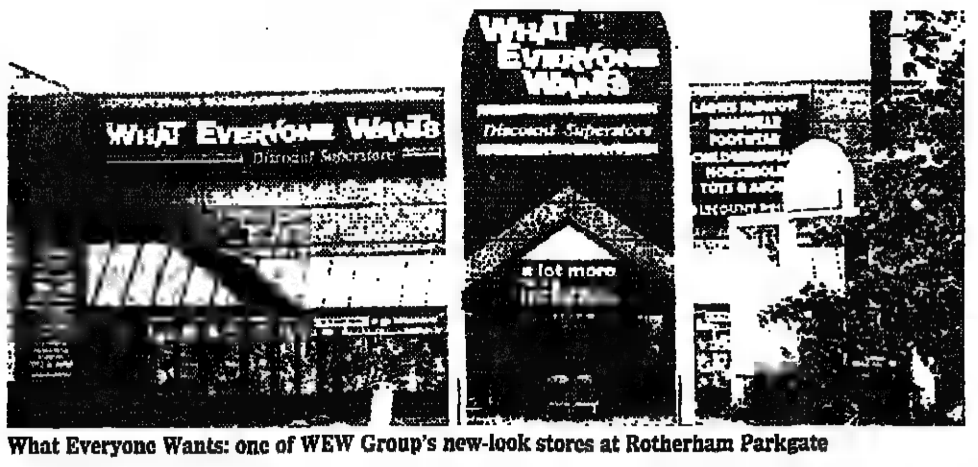
[illegible] "The six new [illegible] opened since August [illegible] trading 30 per cent ahead of budget and I am convinced we have a great opportunity to go for."

WEW's stores – which mainly sell clothing – are fairly large, averaging 15,000 sq ft, and are aimed at the less prosperous demographic [illegible] C2DE, which represent [illegible] of the UK population. However, [illegible] group's limited regional penetration means it [illegible] currently [illegible] to only [illegible] per cent of that tar[illegible] customer base.

Mr Carr [illegible] "I would like [illegible] open 20 [illegible] within the M25."

Analysts continue [illegible] be impressed by the underlying WEW [illegible] which [illegible] an operating margin [illegible] 8.7 per cent. Mr Carr believes [illegible] too [illegible] foot – and hopes [illegible] up to [illegible]

One route would [illegible] by greater use [illegible] in-store concessions – a [illegible] of the department store format which [illegible] management [illegible] favours. A [illegible] selling [illegible] and gold jewellery [illegible] well before [illegible] and [illegible] plans [illegible] introduce concessions selling lug[illegible] and men's [illegible] across [illegible]



What Everyone Wants: one of WEW Group's new-look stores at Rotherham Parkgate

Warburg Pincus [illegible] backing the new management team of Mr Carr and Mr Keith Paskins, [illegible] director. They are both experienced retailers, having worked together with Galerias Preciados in Spain [illegible] that with [illegible]

Mr Carr [illegible] things [illegible] very different in [illegible] from the disciplines he was [illegible] to as part of [illegible] larger [illegible] He says: "There was no proper business plan [illegible] budget. [illegible] doing [illegible] first proper inventory this month. We've [illegible] a lot of dud stock – [illegible] know that, but [illegible] don't know how much."

The group [illegible] installed [illegible] "very basic" computerised [illegible] control system, which – though well short of the advanced electronic point of sales techniques used by other retailers – should give much more financial information.

Mr Paskins said: "The financial systems [illegible] inherited didn't even show the profitability of individual branches."

This lack [illegible] investment in proper systems is one reason [illegible] Carr [illegible] confident that WEW will prove a money-spinner. He [illegible] discount market has moved [illegible] from the days when the company could rely on selling "cabbage" – a [illegible] trade term for other retailers' surplus stock, seconds and manufacturers' [illegible]

By consistently stocking [illegible] broader and [illegible] comprehensive [illegible] Mr Carr believes he will be able [illegible] predict the group's [illegible] and source [illegible] products directly [illegible] manufacturers – particularly low-cost producers [illegible]

Retail analysts accept that clearing out the stock position might impact on performance in the current [illegible] to July, but [illegible] still hoping for pre-tax profits of about £9m.

One [illegible] "It seems [illegible] a good operation, with a very beleaguered past. One problem is that we've [illegible] able to look [illegible] same [illegible] in the eye and find [illegible] what happened. We need [illegible] long run of solid trading results. But any [illegible] nasty surprises and confidence would [illegible] completely."

Profits rise gives boost to Mitie shares

Shares in Mitie Group rose 14p to 337p after the building maintenance company announced a 47 per cent increase in pre-tax profits [illegible] the six months [illegible] end-September.

[illegible] turnover [illegible] 31 per cent at [illegible] (£35.6m), profits advanced from £943,000 to £1.39m. Earnings [illegible] share improved [illegible] 7.2p (5.7p) and the interim dividend [illegible] raised from 1.5p to 2p.

The advance was helped by a fall in [illegible] payments from [illegible] £17,000. The fig[illegible] excluded [illegible] contribution from Olscot, the Scottish cleaning company, the acquisition [illegible] which was completed [illegible] September 30.

Mr David Telling, chairman, [illegible] that all [illegible] companies had performed well despite the difficult [illegible] environment. The turnround in the [illegible] of the cleaning activity in the south-east [illegible] England had continued and [illegible] important [illegible] in [illegible] profit improvement.

Mr Telling [illegible] that [illegible] were [illegible] trading conditions would improve in [illegible] and [illegible] board [illegible] confident "of further significant progress" in [illegible] half.

Principality BS at £18.7m as bad debts remain low

[illegible] Alison Smith

Principality, the first building society to publish its results for the year [illegible] end-December 1993, yesterday announced an increase in pre-tax profits from £17m [illegible] £18.7m.

The society, the 24th largest in the UK, attributed much of the improvement to [illegible] continuing low level of [illegible] debts, which [illegible] in provisions of £1.5m for the third successive year.

Total assets [illegible] £1.2bn (£1.12bn).

Mr John Mitchell, chief [illegible]utive, [illegible] that [illegible] policy of centralised decision-making on mortgage lending had given it a high-quality mortgage book, and the consequent low charge for bad and doubtful debts enabled it to offer competitive rates [illegible] savers and borrowers.

After [illegible] in which [illegible] fierce competition for customers' savings, Principality's retail investment balances amounted to £942m at the end of the year, compared with £869m 12 months earlier.

The number of mortgage arrears fell from 5 per cent of live accounts to 4.35 per cent last year.

Peter Alan, the estate agent subsidiary acquired in 1987, made a pre-tax profit for the third consecutive year, passing £500,000 for the first time.

NEWS DIGEST

Molynx shares fall on warning

Shares of Molynx Holdings [illegible] by 10½p to 25p yesterday after [illegible] circuit television, security [illegible] building [illegible] management systems maker warned [illegible] "a significant [illegible] for [illegible]

The company [illegible] that [illegible] with Silvermines, the [illegible] electrical [illegible] property [illegible] regarding a possible recommended bid for Molynx [illegible] not been finalised [illegible] offer would [illegible] on [illegible] share exchange [illegible] Silvermines [illegible] unchanged at 49p.

In 1992 Molynx incurred [illegible] of [illegible] but returned [illegible] in [illegible] half [illegible] with pre-tax profits of £21,000.

Lex sells rest of Arrow shares

Lex Service has completed [illegible] the [illegible] Arrow Electronics [illegible] it received [illegible] partial payment [illegible] the [illegible]posal [illegible] its North American [illegible] component distribu[illegible] Arrow in September 1991.

The remaining 384,941 [illegible] sold in the [illegible] by [illegible] Sachs at an average of $41 net of costs. Total pro[illegible] to [illegible] will be $15.8m (£10.5m).

Burmah Castrol expands in India

Burmah Castrol, through [illegible] Foseco chemicals subsidiary, is buying [illegible] controlling interest in its metallurgical [illegible] joint venture [illegible] £155,000.

It [illegible] from [illegible] per [illegible] in 51 [illegible] by purchasing [illegible] shares in [illegible] venture. Greaves, [illegible] partner, [illegible] to [illegible] public, the [illegible] being [illegible] preferential allocation [illegible] venture's employ[illegible]

Booker sells Loseley Dairy Products

Booker, [illegible] group, [illegible] certain [illegible] assets, [illegible] goodwill of Loseley Dairy Products.

The ice cream side has been [illegible] Tudor [illegible] chilled business, [illegible] mainly produces yoghurt, [illegible] company formed by Mr Tim Henniker-Parker.

In the year to January 1 1994 [illegible] turnover of [illegible] and book value of the assets and stock sold was £3m.

Christies disposes of leasehold interest

Christies International has completed [illegible] disposal of [illegible] leasehold interest in Sussex Mansions, 63-85 Old Brompton Road, South Kensington, London.

The property comprises [illegible] flats on short lettings and 10 flats on long underleases with protected [illegible]ancies. [illegible] is [illegible]

Cardiff Property shows recovery

With gross rental income up from £615,457 to £730,643, Cardiff Property turned in a pre-tax profit of £119,445 for the year [illegible] September [illegible] against a £917,716 loss last time.

At the attributable level, [illegible] was [illegible] with a £173,027 profit (£922,243 loss).

[illegible] per share [illegible] 6.5p (35.7p losses) and the recom[illegible] final [illegible] 1.05p [illegible] total [illegible] from 2.4p [illegible] 2.5p.

British Bloodstock cuts loss to £0.21m

[illegible] pre-tax losses of £213,000 were reported by The British [illegible] Agency [illegible] the half [illegible] to September [illegible] largely as [illegible] result of the continuing [illegible] programme. [illegible] last time [illegible] £311,000.

[illegible] revenue fell [illegible] £7.76m [illegible] turnover rose [illegible] £1.76m (£1.67m). Losses [illegible] to 5.5p (8.1p).

Mr Christo Philipson, chairman, said the [illegible] strengthening. However, he did not expect any dramatic improvement in results, largely because [illegible] erosion in margins resulting [illegible] increased competition.

The USM-traded company [illegible] principally involved with the purchase [illegible] sale, [illegible] agents, [illegible] bloodstock, stallion [illegible] nominations, as well as [illegible] management, insurance [illegible] shipping of [illegible] worldwide.

Net assets rise at Geared Income

[illegible] value [illegible] Geared Income Investment Trust improved from 76.15p [illegible] 115.15p over the [illegible] 31.

[illegible] the nine months to the end of December was [illegible] (£1.34m) for earnings [illegible] 6.16p (6.11p). The third interim [illegible] maintained [illegible] 2p.

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Flotation expected to value MDIS at £250m

By Alan Cane

McDonnell Information Systems, a computing [illegible] company based in Hemel Hempstead, is hoping [illegible] raise £150m through a long-anticipated full public offering now [illegible] for early [illegible].

The [illegible] will [illegible] its plans today and publish [illegible] prospectus next month. [illegible] merchant bankers [illegible] Baring [illegible] and its [illegible] [illegible] National Westminster Wood Mackenzie.

The flotation is expected [illegible] value the company [illegible] about [illegible]. The funds will be [illegible] to [illegible] down debt incurred [illegible] a group of [illegible] led by Baring Capital Investors bought [illegible] from [illegible] Douglas, the US [illegible] group. Mr Jeremy Causley, [illegible] executive, and 16 [illegible] the company's senior managers [illegible] in the buy-out.

The value [illegible] but according [illegible] Acquisitions Monthly, which tracks [illegible] acquisition activity, it [illegible] £120m and [illegible] package of [illegible].

Mr Causley [illegible] yesterday [illegible] rationale behind the [illegible] the [illegible] stamp of approval which [illegible] public company. [illegible] was [illegible] listing might [illegible] hampering the group's [illegible], especially in bidding for large contracts.

[illegible] non-executive chairman [illegible] Mr [illegible] Hay Davison, [illegible] Newspaper Publishing [illegible] Terry Heiser, [illegible] permanent *secretary* [illegible] *Department* [illegible] the Environment [illegible] director.

Last year's buy-out [illegible] of the largest [illegible] information technology [illegible] with specific skills in [illegible] *services for central* [illegible] local government, the police, libraries and health care. It employs [illegible] 1,800 people, 1,300 [illegible] them in [illegible] UK.

[illegible] June [illegible] pre-tax profits were [illegible] of £66.5m. MDIS traditionally performs better in the second half of the year and [illegible] full [illegible] operating profits are expected [illegible], up [illegible] cent on [illegible] previous year, [illegible] of [illegible].

Mr Causley [illegible] key [illegible] crucial [illegible] company's development.

First, the decision in [illegible] early [illegible] to [illegible] on [illegible] *MDIS* [illegible] supplies, for example, information systems [illegible] the UK's police [illegible] was the [illegible] to [illegible] the specifications for the Home [illegible] Large Major Enquiry System *(Holmes).*

The system, [illegible] Micah, [illegible] in [illegible] UK in major incidents [illegible] murder [illegible] rape investigations and [illegible] police forces [illegible] Australia, Hong Kong [illegible] the US.

The [illegible] also supplied computer systems [illegible] government organisations [illegible] 170 [illegible].

Second, [illegible] decision in [illegible] get out [illegible] hardware manufacture, leaving [illegible] company free [illegible] develop [illegible] or industry standard systems using hardware from [illegible] variety of suppliers.

[illegible] *also* [illegible] software system [illegible] PRO-IV designed [illegible] make [illegible] writing computer programs [illegible] and faster. It [illegible] signed a world-[illegible] distribution agreement [illegible] system with Fujitsu of *Japan, the world's* [illegible] *largest* information technology group.

Jeremy Causley: [illegible] key [illegible] behind development

USM float will put £4.2m tag on CFS

By Paul Taylor

Computerised Financial Solutions, which provides spe[illegible] computer support and administrative services to financial institutions and manufacturers, yesterday published its full prospectus ahead of [illegible] flotation on the USM which will value the [illegible] at [illegible].

A [illegible] 1.59m shares, including 1.35m new shares, are being placed with institutional investors at 90p [illegible]. The shares being placed [illegible] sent 34 [illegible] cent [illegible] the group's enlarged [illegible] capital.

Mr Alfred Stein, [illegible] Chrysler executive, founded *Commercial Inventory* [illegible] in 1976 and CIS was acquired earlier [illegible] month by [illegible] new holding company.

Following the flotation IBM will hold just under [illegible] per [illegible] enlarged capital and [illegible] executive, will retain [illegible] cent [illegible]. Dealings [illegible] expected [illegible] begin [illegible] February 3.

The placing will raise £920,000 in new [illegible] after [illegible], which will [illegible] used [illegible] repurchase existing prefer[illegible] and provide additional working capital.

CFS expects pre-tax profits [illegible] £325,000 [illegible] turnover [illegible] about [illegible], producing earnings of not [illegible] 6.42p.

The group [illegible] developed sophisticated software which [illegible] by its customers [illegible] improve their control of [illegible]tory finance [illegible] consumer installment financing.The volume of transactions processed through [illegible] computer system [illegible] than £1.5bn a year.

Maid worth over £100m in impending market debut

By Alan Cane

Market Analysis and Information Database, an online business information services supplier, is planning [illegible] a minimum of [illegible] through a listing in the next few months.

The flotation, which is likely to be in the form of a placing and intermediaries offer, is expected [illegible] value [illegible] company [illegible] than £100m.

Maid Systems was founded in 1985 by [illegible] Daniel Wagner, aged 30, [illegible] chief executive. It is an electronic publisher, offering subscribers [illegible] broad [illegible] of [illegible] information through computer terminals [illegible] their desks.

It [illegible] with a number [illegible] large information providers *and competes with* services such as Profile, owned by the Financial Times, Mead [illegible] Central of the [illegible] and Reuters, the world's largest electronic publisher.

In the year [illegible] end [illegible] December [illegible] it made profits of £300,000 on turnover of [illegible].

The company currently offers three [illegible] products: Researchline, with 20,000 research reports on 400 market sectors worldwide, Newsline, with business reports from 4,000 [illegible] magazines and [illegible] agencies and Companyline, which [illegible] expected [illegible] have financial and corporate information on 4.7m companies.

Mr Wagner said yesterday that the company [illegible] planning a number [illegible] business information products.

The company said it has [illegible] end-users [illegible] 20 countries. [illegible] are in [illegible] UK but [illegible] client [illegible] has been [illegible] in the US.

It recently strengthened its management team with the appointment of Mr Tom Teich[illegible] as director of corporate development. Mr Teichman was formerly head of corporate [illegible] at [illegible] Nesbitt Thomson, part [illegible] the Bank of Montreal [illegible] Mr Michael Mander, chairman of the Institute of Directors, is Maid's non-executive chairman.

Hill Samuel [illegible] sponsoring the flotation [illegible] Hoare Govett Corporate Finance [illegible] the stockbroker.

Daniel Wagner: planning a number of new products

J Rothschild Assurance premium income rises

By Alison Smith

A rise of almost 2½ times from £101m [illegible] £250m in new premium income [illegible] J Rothschild Assurance was largely due to an [illegible] sharper increase in new single premium products.

Single premium income advanced from £82.7m to £221.4m, while annual premium [illegible] rose by 55 per cent [illegible] £28.2m (£18.3m). The company has been in business for only [illegible] years.

In both annual and single premium products, there were greater percentage increases in pension than in life premium income. However, life single premiums were the largest component with income of £165.2m.

Sums assured rose by [illegible] per cent [illegible] £1.2bn (£900m), while funds under management increased from £290m [illegible] £715m.

Sir Mark Weinberg, chairman, said that the size of the J Rothschild partnership, which comprises the sales force, had grown from [illegible] to 500 last year, and that much of the rise in [illegible] business came from greater productivity.

Country Casuals sells print works

Country Casuals Holdings, the women's [illegible] group, has sold its Dutch textile printing operations for Fl 3m (£1m), less Fl 500,000 for staff reorganisation costs.

The printing works are being [illegible] to Lekal Pensioen, a consortium [illegible] by Mr HJ Koelers. Net asset value of the Dutch works [illegible] *Fl 522,000 and it* incurred losses of Fl 279,000 in 1992.

Fermec gains access to US

By Andrew Baxter

Fermec Holdings, the Manchester-based construction equipment [illegible] is [illegible] selling its [illegible] of backhoe loaders in North [illegible] through [illegible] supply agreement with Kobelco America, [illegible] Japanese-owned distribution company.

The deal [illegible] an important [illegible] for Fermec, which [illegible] known by its MF Industrial brand [illegible] was formed in *late* [illegible] *in a management* buy-out from Varity Corporation's Massey Ferguson Group.

Fermec launched its [illegible] TLK [illegible] loaders [illegible] March in [illegible] bid for second place in a European market led by JC Bamford Excavators. The latest [illegible] fulfils a prom[illegible] develop coverage elsewhere through strategic alli[illegible] said Mr [illegible] Robson, managing director.

Kobelco America [illegible] about [illegible] dealers in [illegible] Canada which will [illegible] selling Fermec [illegible] loaders immediately under the TLK brand. *Kobelco had long* [illegible] *looking* for a backhoe loader [illegible] complement [illegible] of [illegible]vators and other equipment.

Mr Keith Jones, Fermec's marketing [illegible] aftercare director, [illegible] Kobelco had placed an order [illegible] 100 machines [illegible] confident of selling [illegible] in the first year of the agreement. Fermec expects [illegible] produce [illegible] backhoes [illegible] year.

In [illegible] first nine months of trading, [illegible] September last year, Fermec had annualised sales of £60m. It had already expected [illegible] of [illegible] in the current year, which ends in *September, but the Kobelco* America deal [illegible] expected [illegible] another [illegible].

GWR shares respond to sharp upturn in advertising revenue

By Peggy Hollinger

Bullish transmissions [illegible] advertising revenues at GWR, the independent radio group which [illegible] 17 per [illegible] of Classic FM, [illegible] the company's shares 17p higher [illegible] 770p yesterday in spite [illegible] a declining market.

Mr Ralph Bernard, chief executive, said both [illegible] and national advertising [illegible] improved significantly in [illegible] last six months. Like for like advertising [illegible] in the [illegible] quarter [illegible] running more than 30 per cent ahead of last [illegible].

GWR recently bought four local stations [illegible] £15m, but revenues [illegible] were just 5-6 per [illegible]. Mr Bernard said [illegible] with [illegible] existing [illegible] represented "[illegible] potential."

[illegible] second half improve[illegible] in national advertising was partly responsible for the group's announcement [illegible] a [illegible] per cent [illegible] in pre-tax profits to [illegible] for the [illegible] September 30. [illegible] were 14 per [illegible] higher [illegible].

The [illegible] by 2p to [illegible] via a final of 5p, with earnings up 16 per cent to 18.4p (15.9p).

Mr [illegible] said GWR was now reaping the [illegible] of [illegible] ago [illegible] on regional advertising, which had [illegible] more buoyant during recession.

[illegible] FM, set up a [illegible] ago, [illegible] listeners. GWR [illegible] now looking [illegible] expand further in [illegible] UK and in [illegible] Europe.

GWR had acquired [illegible] per cent interest in a Bulgarian radio station which [illegible] already returning small profits. Mr [illegible] that in time this could provide [illegible] expansion in *other parts of* [illegible] Europe.

NEWS IN BRIEF

AMINEX, the [illegible] and production company, has [illegible] *applications in respect* [illegible] new ordinary shares (87.5 per cent) [illegible] 1-for-4 [illegible] apiece.

ANGLIA SECURE Homes [illegible] reached agreement in principle with [illegible] reorgani[illegible] will [illegible] rights issue at an expected price [illegible] 4p per [illegible].

BROWN [illegible] Group, the [illegible] and [illegible] distributor, [illegible] sold its Pipe [illegible] Group subsidiary to [illegible] (114) for [illegible] in [illegible] ment [illegible] inter-company debt. For [illegible] March [illegible] 1993 Pipe [illegible] Tube returned pre-tax profits of [illegible] from turnover of £12.4m. Minority [illegible] in Cobco (114) include three [illegible].

[illegible] **EXPLORATION**, part [illegible] the [illegible] Corporation, has agreed with TM Oil [illegible] to [illegible] the option period [illegible] its acquisition [illegible] company [illegible] further 60 [illegible] days. The purchase has [illegible] delayed for statutory reasons.

DOBSON PARK [illegible] buying Sorensen, an Illinois-based supplier [illegible] power supplies, for a [illegible] *(£3.3m), from* Raytheon. In 1993 Sorensen reported an operating [illegible] turnover of $10.7m.

GLYNWED INTERNATIONAL has acquired [illegible] Equipment. The consideration [illegible] about [illegible] acquisition will add [illegible] worth [illegible] the [illegible] catering equipment business of Glynwed Consumer Products.

ORIEL GROUP has reached agreement with [illegible] Insur[illegible] Brokers [illegible] transfer [illegible] certain activities carried [illegible] by Oriel's subsidiary, Hayward [illegible] Co.

PRIEST (Benjamin), [illegible] Midlands engineering group bought by [illegible] management *from International* [illegible] *in* [illegible] has acquired [illegible] Disc Springs of [illegible] and [illegible] Sus[illegible] £1.5m.

SAVILLE GORDON (J) Group [illegible] exchanged [illegible] for [illegible] purchase [illegible] Colwyn [illegible] shopping development [illegible] Colwyn Bay, Clwyd, [illegible] cash.

[illegible] **APPOINTMENTS** *(Holdings)* [illegible] acquired [illegible] Jobs, a Swiss recruitment agency specialising in providing [illegible] and industrial staff. Consideration is a nominal SFr1 (40p) and vendor has agreed to waive about [illegible] of [illegible] *currently owed to* him by [illegible] £731,000.

TRANSPORT DEVELOPMENT Group [illegible] interest in EJ Van Dijk, [illegible] Dutch [illegible] hire [illegible] haulage subsidiary, [illegible] management [illegible].

UPTON [illegible] **SOUTHERN** has [illegible] granted High Court approval [illegible] cancellation [illegible] the 9.02m reorganisation [illegible] 24.5p each. The reorganisation shares [illegible] not [illegible] and [illegible] ordinary shares are unaffected.

[illegible] **INTERNATIONAL** Group, Yeoman Holdings, Linklaters & [illegible] and SG Warburg [illegible] Co [illegible] a set[illegible] agreed [illegible] legal proceedings arising [illegible] of [illegible] by Yeoman in December 1988 for CLF Holdings, on [illegible] acceptable [illegible] all parties.

COMMODITIES AND AGRICULTURE

Non-cartel plan studied for aluminium output cuts

By Kenneth Gooding, Mining Correspondent

Trade representatives from the big aluminium producing countries hope they have found a formula to cut annual global output by another 1.5m to [illegible] tonnes without being accused of acting as a cartel.

This is likely to see the Russian industry [illegible] in perhaps [illegible] week, to reduce its output. Then there would be further [illegible] by [illegible] producers who have already mothballed more than 1m tonnes of annual capacity.

[illegible] no specific targets are [illegible] be set for individual western countries, the trade delegates feel [illegible] they will be [illegible] convince anti-trust [illegible] in [illegible] and [illegible] that the aluminium industry [illegible] reacting [illegible] market forces rather [illegible] acting as a [illegible] aiming to lift aluminium prices.

"The problem is that, [illegible] kind [illegible] trust can [illegible] built [illegible] between [illegible] producers, [illegible] to [illegible] first cuts," [illegible] delegate yesterday. "We hope [illegible] now [illegible] a formula to generate that trust, one that will produce the world-wide cuts [illegible] bring the aluminium market back into balance."

The formula, in the shape of a *memorandum of understanding*, was despatched yesterday by Mr Jorn Keck, the European Commission's external trade relations commissioner, [illegible] should [illegible] a clear idea of what is acceptable after chairing the three-day negotiations in [illegible] between representatives from Australia, [illegible], the 12-nation EU negotiating as [illegible], Norway, Russia and the US. Lawyers from the [illegible] Justice Department, responsible for anti-trust matters, [illegible] involved.

[illegible] countries have been asked to respond to [illegible] memorandum by Friday [illegible].

[illegible] all then [illegible] to plan, production cuts would start shortly [illegible] and would [illegible] monitored by [illegible] International Primary Aluminium Institute. The Russian delegates said that their smelters would co-operate by providing IPAI with statistics and become members of the international data-collecting organisation. There would be a follow-up, monitoring meeting between the trade delegates in Canada at the end of February to [illegible] whether the scheme [illegible] working properly.

The Brussels meeting [illegible] was meant to last only two [illegible] but was prolonged [illegible] first by Russia's refusal to change its [illegible] to cut output by [illegible] tonnes but only if there were similar reductions in the [illegible] as the US delegates were [illegible].

Further delays were caused by wrangling [illegible] the [illegible] and the EU, mainly [illegible] the import restrictions [illegible] aluminium from [illegible] Commonwealth [illegible] Independent [illegible] imposed by [illegible] EU [illegible] year and which *will [illegible] until the* [illegible] of February [illegible]. According to one delegate, the EU and [illegible] US eventually agreed [illegible] should [illegible] no unilateral trade restrictions imposed in [illegible] but only multilateral solutions should [illegible] sought.

Metals analysts very sceptical

By [illegible] Gooding,

Analysts [illegible] a seminar in London yesterday [illegible] very sceptical about the attempts being [illegible] cut aluminium output [illegible] their potential impact [illegible].

"Unless consumers [illegible] given a very clear [illegible] actually going [illegible] happen [illegible] way [illegible] and they are given specific [illegible] about who [illegible] going to [illegible] where and when, market sentiment will not change," said Mr Ted Arnold [illegible] Merrill Lynch.

Mr Neil Buxton [illegible] Metal Bulletin Research suggested annual cuts of 1.5m tonnes [illegible] "totally beyond [illegible] industry's reach." He added: "I would be very surprised if there can be agreement on cuts [illegible] size."

Mr Simon Hunt [illegible] Hunt [illegible] market [illegible] seminar, organised by Metal Bulletin and the FutureSource consultancy, [illegible] agreement might [illegible] reached but it [illegible] not [illegible] long. "We think [illegible] agreement [illegible] cobbled together [illegible] it will [illegible] and [illegible] three months time people will perceive [illegible] no teeth. Meanwhile, the investment funds will drive up prices *and producers will say: Why do we* [illegible] *cut?"*

There [illegible] a number [illegible] factors working against an aluminium agreement, he said. European producers [illegible] under [illegible] pressure [illegible] they had [illegible] reducing [illegible] and [illegible] probably breaking [illegible] $1,100 to $1,150 [illegible] compared with last night's unchanged three-month price [illegible] $1,189.50. Also, [illegible] unlikely that [illegible] could [illegible] Siberia. [illegible] "not all [illegible] world's [illegible] producers [illegible] this is the best way to [illegible] with the problem of oversupply."

However, if [illegible] per [illegible] in world production (excluding Alcoa and Alcan which had already [illegible] deep cuts) [illegible] fall by 700,000 [illegible] year [illegible] by 1.5m [illegible] in 1995, Mr Hunt suggested. Without cuts, [illegible] industry stocks would [illegible] by 1m [illegible] 6.1m this year [illegible] in 1995, compared with annual western demand [illegible] 16m [illegible].

Japanese steel mills win big coal price cuts

By Gerard McCloskey

Coking coal prices crashed in annual renegotiations [illegible] pleted yesterday between the Japanese Steel Mills and their Australian and Canadian suppliers.

In a negotiation led by Canada's Fording Coal, which had for [illegible] been signalling [illegible] willingness to take [illegible] large price cut [illegible] an increased tonnage, the hard coking coal price [illegible] cut by [illegible] to [illegible] a tonne.

The Fording agreement was followed immediately by BHP Australia and subsequently by [illegible] other big Australian producers. All [illegible] one suffered tonnage cuts. In contrast, Fording is [illegible] to have [illegible] 200,000-tonne increase in its contract.

Other coal qualities also came down in price with [illegible] coking coal falling [illegible] and semi-soft by [illegible] to $40.35-42.35 and $36.40 a tonne respectively.

The settlement [illegible] likely to lead [illegible] a rapid [illegible] of the steam coal [illegible] the Australian suppliers. Many Australian producers were saying yesterday that they expected the agreement to be accompanied by a strike throughout the industry.

In all, eight Australian exporters [illegible] signed up at the new prices levels. BHP, Australia, Arco, MIM, Shell, KCC, South Blackwater, Clutha and a [illegible] of soft coking coal [illegible] shipping [illegible] of [illegible].

The new price levels will push [illegible] the Australian and Canadian operations into the red and raise questions [illegible] the future of a number of pits in [illegible] South Wales. [illegible] the [illegible] producers have the compensation [illegible] a weakening currency – the Canadian dollar has fallen from 87 to [illegible] US cents in [illegible] 12 months, the Australians have no such cushion, with a slight strengthening of their dollar since the start [illegible]. In contrast, the mills [illegible] doubly winners with the stronger yen adding to the [illegible] dollar-denominated prices. [illegible] 1991 dollar prices have fallen from $51.80 [illegible] while yen prices have fallen Y6,841 to Y4,912.

Nor will the suffering from the [illegible] settlements be restricted [illegible] Canada and Australia [illegible] one way or another, the [illegible] exporters will have [illegible] match them, although probably at a lower level. The US industry, [illegible] has only recently returned to full working after a damaging, drawn-out strike, is in no position to match cuts [illegible] magnitude and it is expected that pressure will come on to the railroads [illegible] carry coal to the export terminals to [illegible] a cut in their freight rates.

The [illegible] producers faced a formidable hurdle in Japan with poor financial performance at the mills, coupled with an expectation of a fall in [illegible] production coinciding with the development of new mines in Australia [illegible] an expansion of production at existing Australian and Canadian mines. However, the overall balance of coking coal demand on international markets presents a much less gloomy prospect, with demand recovery expected [illegible] the US and almost all the other coking coal buyers in Asia, South [illegible] and Europe.

For the Australians, it is particularly ironic that the settlement comes hard on the heels [illegible] the announcement that at the end of December its stocks reached a five-year low of just [illegible] tonnes.

Although it [illegible] that the coking coal market is [illegible] from robust, the situation facing the steam coal producers is completely different. Demand is rising vigorously throughout Asia, led by the construction of import-dedicated [illegible] plant in Japan. Almost invariably, and particularly in Japan, these utilities are highly profitable and, far from needing price cuts, are well able to pay the current year's prices.

[illegible] Japanese power companies [illegible] reported to [illegible] expressed worries that any price cuts would have implications for [illegible] security [illegible] their supply [illegible] the rest [illegible] the [illegible]. Such worries will now be put to the test.

Settlement 'very disappointing', says Australian supplier

By Nikki Tait in [illegible]

Broken Hill Proprietary, the large Australian [illegible] group and [illegible] country's biggest [illegible] producer, yesterday [illegible] magnitude of [illegible] price cuts for coking coal arrived [illegible] Japanese [illegible] mills [illegible] annual round [illegible] negotiations as "very disappointing".

BHP [illegible] that hard coking [illegible] prices would fall with [illegible] from April 1.

It [illegible] that [illegible] tonnage [illegible] hard coking to [illegible] supplied to [illegible] Japanese [illegible] mills from its Australian coal division would fall to 7m tonnes in 1994-95, compared [illegible] 7.9m tonnes in [illegible] current year, although [illegible] it expec[illegible] total [illegible] of overall tonnage purchased by the mills.

The price [illegible] Australian [illegible] already been cut in annual negotiations in [illegible] heavy [illegible] the buyers.

Yesterday, [illegible] Lill, BHP Australia [illegible] marketing [illegible] tional competition and [illegible] downturn in Japanese eco[illegible] activity for the [illegible] result [illegible] session.

"Facing high losses, the JSM [Japanese steel mills] had requested co-operation from their [illegible] material suppliers in [illegible] cost-cutting area," he said. "[Our] [illegible] competitor, Canada, had attempted to [illegible] opportunity to build [illegible] share at the expense of Australian producers."

The weakness [illegible] Canadian dollar, he argued, had allowed Canadian suppli[illegible] to cut prices more substantially without loss of revenue.

"BHPAC estimates [illegible] ure [illegible] be competitive could [illegible] resulted in the loss of a further 2m tonnes of hard coking coal [illegible] from BHPAC alone, and [illegible] in the final result [illegible] have been compelled to match prices offered by [illegible] producers," he added.

Chinese state gold purchases fall by 40 per cent

By Tony Walker in Beijing

China's [illegible] monopoly [illegible] gold [illegible] a battering last year with purchases falling [illegible] per cent.

That [illegible] since [illegible] gold purchases by [illegible] state had [illegible] and [illegible] slump underlined [illegible] increasing *reluctance of producers* [illegible] yield gold [illegible] the state [illegible] prices well below those prevailing internationally.

Mr Ai Dacheng, vice-director [illegible] Bureau under the Ministry of Metallurgical Industry, blamed [illegible] slump [illegible] in raising [illegible] official purchase price.

The People's Bank, China's Central Bank, which [illegible] monopoly, [illegible] 1 September the purchase price [illegible] Yn2,986 (US$343) a troy ounce [illegible] Yn1,697, [illegible] official price has [illegible] budged [illegible] is more [illegible] per [illegible] below [illegible] world market.

Mr Ai [illegible] gold output [illegible] higher in China [illegible] 1993 than the previous year, but did [illegible] provide details. China pro[illegible] about 110 tonnes [illegible] gold in [illegible]. Unofficial estimates put China's in-ground [illegible] at 3,000 [illegible].

The country's gold miners, [illegible] with [illegible] from [illegible] efforts, [illegible] selling [illegible] black market [illegible] the past [illegible] to take advantage [illegible] surging [illegible] in [illegible] for gold and gold jewellery.

The crumbling of [illegible] monopoly [illegible] gold purchasing [illegible] certain [illegible] stronger [illegible] of [illegible] active, government-supervised gold exchange in China [illegible] would [illegible] metal [illegible] freely [illegible] world prices.

But Mr Ai [illegible] that such [illegible] would [illegible] soon. [illegible] described the [illegible] as "complicated" and [illegible] that [illegible] People's [illegible] "not quite ready" [illegible] a step.

Demand for gold [illegible] strong [illegible] anxious [illegible] a hedge against inflation [illegible] running [illegible] per [illegible] in [illegible] late last year.

Figures [illegible] demand [illegible] in [illegible] unreliable [illegible] such a large quantity [illegible] being [illegible] the black [illegible]. In [illegible] consumption was put [illegible] tonnes, but [illegible] certainly under[illegible] the [illegible] people's appetite [illegible] gold.

MARKET REPORT

Precious metals slide continues

[illegible] yesterday with London GOLD losing [illegible] $380.25 a troy [illegible] SILVER [illegible] ounce. [illegible] found support after fixing [illegible] with [illegible] being taken from the relatively steady tone on [illegible] New [illegible] futures [illegible].

At [illegible] London Commodity Exchange March [illegible] rallied $12 [illegible] $1,192 a tonne, encouraged by [illegible] that Central [illegible] producers had [illegible] minimum export prices.

Compiled from Reuter

COMMODITIES PRICES

[illegible] METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	[illegible]	1188-90
Previous	1172-3	1189-90
High/low	1180	[illegible]
AM Official	1180-80.5	1196-6.5
Kerb close		1193-94
Open int.	264,425	
Total daily turnover	61,288	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1028-32	1052-55
Previous	1046-8	1069-70
High/low		[illegible]
AM Official	1030-2	1055-8
Kerb close		1052-57
Open int.	2,965	
Total daily turnover	235	

■ LEAD ($ per tonne)

Close	504-05	517-17.5
Previous	508-9	520.5-21
High/low	502.5	520/514
AM Official	502.5-3.0	514.4-15.0
Kerb close		520-21
Open int.	31,810	
[illegible] daily turnover	[illegible]	

■ NICKEL ($ per tonne)

Close	5575-80	5639-40
Previous	5668-70	5725-30
High/low	5670/5585	5700/5580
AM Official	5580-85	5625-27
Kerb close		5675-80
Open int.	49,882	
Total daily turnover	11,459	

■ TIN ($ per tonne)

Close	4955-65	5010-20
Previous	4980-5000	5030-50
High/low		[illegible]
AM Official	4940-50	5000-5
Kerb close		5020-25
Open int.	17,471	
[illegible] daily [illegible]	[illegible]	

■ ZINC, special high grade ($ per tonne)

Close	977-98.5	1017-18
Previous	1004.5-6.5	[illegible]
High/low	996.5	1025/1012
AM Official	996-6.5	1016.5-17.0
Kerb close		1018-19
[illegible] int.	[illegible]	
Total daily turnover	21,288	

■ COPPER, grade A ([illegible] per tonne)

Close	1846-47	1869.5-70
Previous	[illegible]	[illegible]
High/low	1839.5	1875/1858
[illegible] Official	1839.5-40	1862.5-63
Kerb close		1873-74
Open int.	260,617	
Total daily turnover	54,864	

■ LME AM Official £/$ rate: 1.4934
LME Closing £/$ rate: 1.4943

[illegible] mths:1.4863 6 [illegible] 9 mths:1.4767

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Jan	86.45	+1.05	86.50	86.15	821	182
[illegible]	86.50	[illegible]	86.50	[illegible]	1,146	216
Mar	86.55	+0.90	86.60	85.00	36,736	6,656
[illegible]	86.15	[illegible]	[illegible]	85.20	[illegible]	80
May	86.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	86.00	86.00	[illegible]	11
Total					64,001	8,034

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	380.00-380.50	
Opening	380.80-381.20	
Morning fix	381.50	255.663
Afternoon fix	378.80	253.293
Day's High	381.80-382.20	
Day's Low	378.20-378.60	
Previous close	[illegible]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.71	6 months	2.76
2 months	2.71	12 months	2.82
3 months	2.73		

Silver Fix	p/troy oz.	US cts equiv.
Spot	337.60	504.00
3 months	341.95	507.75
6 months	346.15	511.85
1 year	354.55	521.35

Gold Coins	$ price	£ equiv.
Krugerrand	382-385	256-259
Maple Leaf	388.90-392.35	-
New Sovereign	89-92	60-63

Precious [illegible] continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	381.1	-0.3	-	-	[illegible]	37,284
Feb	381.4	-0.3	381.7	378.0	112	5
[illegible]	383.2	-0.2	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	383.4	-0.2	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	384.9	-0.2	[illegible]	[illegible]	[illegible]	51
[illegible]	387.3	-0.2	[illegible]	[illegible]	[illegible]	[illegible]
Total					181,463	48,082

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

[illegible]	381.7	+1.3	-	-	47	1
Apr	382.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	384.2	+1.6	384.5	380.0	2,484	229
Oct	385.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	387.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	123.90	[illegible]	[illegible]	123.50	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	123.25	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Total					4,418	[illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Jan	510.6	+0.4	-	-	2	-
Feb	511.1	+0.3	[illegible]	[illegible]	[illegible]	[illegible]
Mar	511.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	515.6	[illegible]	517.0	506.0	[illegible]	[illegible]
Jul	518.9	+0.1	519.0	[illegible]	[illegible]	[illegible]
Sep	522.1	0	522.0	[illegible]	[illegible]	[illegible]
Total					[illegible]	21,078

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest	Day's change	High	Low	Open int	Vol
Mar	[illegible]	[illegible]	15.14	14.76	[illegible]	[illegible]
Apr	15.22	+0.16	15.21	[illegible]	[illegible]	[illegible]
May	15.34	+0.16	[illegible]	[illegible]	[illegible]	[illegible]
Jun	15.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	15.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	15.79	[illegible]	[illegible]	[illegible]	12,103	437
Total					412,494	[illegible]

■ CRUDE OIL IPE ($/barrel)

	Latest	Day's change	High	Low	Open int	Vol
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	14.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,705	[illegible]
Total					158,054	23,684

■ HEATING OIL NYMEX (42,000 US galls; c/US galls.)

	Latest	Day's change	High	Low	Open int	Vol
Feb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	47.40	[illegible]	47.45	[illegible]	[illegible]	[illegible]
Apr	46.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	39,654

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	142.25	[illegible]	[illegible]	140.50	32,294	7,864
Mar	[illegible]	[illegible]	-	143.25	140.75	[illegible]
Apr	142.00	[illegible]	142.75	140.25	13,022	1,631
[illegible]	141.75	[illegible]	[illegible]	[illegible]	[illegible]	522
[illegible]	142.50	[illegible]	143.00	[illegible]	[illegible]	247
Jul	[illegible]	[illegible]	144.50	[illegible]	[illegible]	270
Total					116,012	14,676

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	2.375	-0.070	[illegible]	2.260	12,041	[illegible]
Mar	2.260	[illegible]	2.270	2.180	21,470	11,406
Apr	2.145	+0.042	2.150	[illegible]	16,685	3,381
May	2.070	+0.017	2.075	2.045	11,581	3,063
Jun	2.045	+0.017	2.045	[illegible]	7,333	944
Jul	2.020	[illegible]	2.020	2.005	7,544	[illegible]
Total					129,603	43,884

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	42.65	+0.91	43.10	41.55	33,664	8,633
Mar	43.70	+0.90	43.80	42.30	33,547	8,655
Apr	46.20	[illegible]	46.40	45.25	29,995	3,565
May	47.10	+0.82	47.20	[illegible]	30,257	[illegible]
Jun	47.70	[illegible]	[illegible]	46.90	11,379	411
Jul	[illegible]	+0.77	47.85	[illegible]	[illegible]	144
Total					135,996	[illegible]

[illegible] AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	99.35	-0.20	99.50	99.15	1,780	[illegible]
[illegible]	[illegible]	-0.25	100.65	100.15	1,800	[illegible]
[illegible]	100.80	[illegible]	[illegible]	100.70	[illegible]	[illegible]
[illegible]	95.95	[illegible]	95.95	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	91.20	-0.45	91.60	91.20	[illegible]	[illegible]
Total					4,963	183

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	379/0	+3/0	[illegible]	373/0	[illegible]	[illegible]
May	358/0	+3/0	[illegible]	[illegible]	[illegible]	[illegible]
Jul	340/4	+3/2	341/0	336/2	72,445	[illegible]
Sep	343/4	+1/4	[illegible]	[illegible]	[illegible]	[illegible]
Dec	350/4	+4/0	[illegible]	[illegible]	[illegible]	[illegible]
Mar	355/0	+3/0	-	-	25	-
Total					[illegible]	[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	304/4	[illegible]	301/2	[illegible]	[illegible]	[illegible]
May	308/4	+3/2	[illegible]	[illegible]	[illegible]	[illegible]
Jul	306/6	+3/2	[illegible]	[illegible]	[illegible]	[illegible]
Sep	289/0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	266/4	+1/0	[illegible]	[illegible]	[illegible]	[illegible]
Mar	275/2	+1/0	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ BARLEY LCE (£ per tonne)

Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	108.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Mar	[illegible]	+0.40	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	+0.30	[illegible]	[illegible]	[illegible]	[illegible]
Jul	29.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	28.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Mar	195.2	+1.0	195.5	193.2	[illegible]	[illegible]
May	193.3	+0.8	[illegible]	[illegible]	[illegible]	[illegible]
Jul	193.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	183.0	+1.2	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ [illegible] LCE (£/tonne)

Mar	135.0	-	-	-	34	-
Apr	108.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	125.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	130.0	-	-	-	[illegible]	-
Nov	95.0	-	-	-	[illegible]	-
Mar	105.0	-	-	-	[illegible]	-
Total					2,636	[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

Jan	1232	-3	1230	1220	720	2
Feb	1225	-13	1230	1225	[illegible]	[illegible]
Mar	1243	-25	-	-	[illegible]	[illegible]
Apr	1278	-12	1285	1279	[illegible]	[illegible]
Jul	1143	-10	1155	1140	[illegible]	[illegible]
Oct	1303	-7	-	-	[illegible]	[illegible]
Total					2,685	[illegible]

	Close	Prev
BFI	[illegible]	1242

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	911	+2	910	897	[illegible]	2,176
May	912	[illegible]	[illegible]	901	14,943	1,463
Jul	921	+1	[illegible]	[illegible]	[illegible]	[illegible]
Sep	931	+1	[illegible]	[illegible]	[illegible]	[illegible]
Dec	949	-1	[illegible]	[illegible]	[illegible]	[illegible]
Mar	961	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1130	+7	1137	1113	[illegible]	[illegible]
May	1170	+7	1171	[illegible]	[illegible]	[illegible]
Jul	1197	+5	[illegible]	[illegible]	[illegible]	[illegible]
Sep	1220	+5	[illegible]	[illegible]	[illegible]	[illegible]
Dec	1261	+5	[illegible]	[illegible]	[illegible]	[illegible]
Mar	1270	+8	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Jan 21	[illegible]	913.40
10 day average	924.11	[illegible]

■ COFFEE LCE ($/tonne)

Jan	1176	+15	1180	1173	[illegible]	[illegible]
Mar	1192	+12	[illegible]	[illegible]	[illegible]	[illegible]
May	1197	+11	[illegible]	[illegible]	[illegible]	[illegible]
Jul	1185	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	1183	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov	1183	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	74.65	[illegible]	[illegible]	74.10	[illegible]	[illegible]
May	76.20	+0.30	[illegible]	[illegible]	[illegible]	[illegible]
Jul	77.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	79.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	80.60	+0.45	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	11,727

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
Jan 21	[illegible]	[illegible]
Comp. daily	68.46	68.39
15 day average	[illegible]	68.83

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Mar	10.62	[illegible]	[illegible]	[illegible]	[illegible]	25
May	11.12	[illegible]	[illegible]	[illegible]	[illegible]	5
Jul	11.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	11.08	[illegible]	[illegible]	[illegible]	[illegible]	19
Total					[illegible]	[illegible]

■ WHITE SUGAR LCE ($/tonne)

Mar	288.30	+4.70	[illegible]	[illegible]	[illegible]	703
May	288.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	30
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100
Dec	279.90	[illegible]	[illegible]	[illegible]	[illegible]	-
Mar	280.40	[illegible]	[illegible]	[illegible]	[illegible]	-
Total					[illegible]	1,322

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	10.42	[illegible]	[illegible]	[illegible]	[illegible]	4,391
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,978
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	953
Oct	10.72	[illegible]	[illegible]	[illegible]	[illegible]	302
Mar	10.72	[illegible]	[illegible]	[illegible]	[illegible]	22
May	10.72	[illegible]	-	-	[illegible]	-
Total					[illegible]	8,664

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,096
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,987
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	780
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3
Total					[illegible]	8,460

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	109.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	111.50	-2.75	[illegible]	[illegible]	[illegible]	31
Sep	113.50	-2.75	[illegible]	[illegible]	[illegible]	22
Nov	116.25	-2.75	[illegible]	[illegible]	[illegible]	17
Jan	116.65	-2.75	[illegible]	[illegible]	[illegible]	5
Total					[illegible]	[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; [illegible])

	Sett price	Day's change	High	Low	Open int	Vol
Feb	73.175	-0.275	[illegible]	[illegible]	28,722	3,691
[illegible]	[illegible]	+0.025	76.450	76.025	27,943	3,297
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ LIVE HOGS CME ([illegible] cents/lbs)

Feb	47.700	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	54.325	-0.800	54.650	54.100	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					10,883	[illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1175	[illegible]	[illegible]	[illegible]	[illegible]
1200	[illegible]	[illegible]	[illegible]	[illegible]
1225	33	[illegible]	[illegible]	71
■ COPPER (Grade A) LME	**Apr**	**Jul**	**Apr**	**Jul**
[illegible]	72	[illegible]	[illegible]	[illegible]
1900	48	76	[illegible]	83
1950	31	54	107	112
■ COFFEE LCE	**Mar**	**May**	**Mar**	**May**
1150	66	84	13	[illegible]
1200	26	57	34	63
1250	10	39	68	96
■ COCOA LCE	**Mar**	**[illegible]**	**[illegible]**	**[illegible]**
900	32	54	21	42
925	21	43	35	56
950	13	34	52	72
■ BRENT CRUDE IPE	**Mar**	**Apr**	**[illegible]**	**[illegible]**
1350	53	[illegible]	16	[illegible]
1400	31	[illegible]	[illegible]	63
1450	12	[illegible]	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar) +or-

Dubai	[illegible]	[illegible]
Brent Blend (dated)	$14.36-4.42	+0.22
Brent Blend (Mar)	$14.00-4.02	+0.18
W.T.I. (1pm est)	$15.13-5.15w	+0.20

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$145-147	+1
Gas Oil	$145-147	-1.5
Heavy Fuel Oil	$67-68	
Naphtha	$129-131	+0.5
[illegible]	$163-165	-0.5

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$380.25	-5
Silver (per troy oz)♣	508.5c	-12
Platinum (per troy oz.)	$378.50	-4.00
Palladium (per troy oz.)	$123.50	-0.10
Copper (US prod.)	90.0c	-1
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	13.33r	
Tin (New York)	231.50c	-3
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.66p	-1.08*
Sheep (live weight)†♠	103.00p	+4.15*
Pigs (live weight)	66.86p	+0.04*
Lon. day sugar (raw)	$254.9	+1.7
Lon. day sugar (wte)	$290.2	-0.3
Tate [illegible] Lyle export	$281.5	+2.0
Barley (Eng. feed)	£107.75	-0.5
Maize (US No3 Yellow)	£127.00v	
Wheat (US Dark North)	£143.0	
Rubber (Feb)♥	61.50p	+0.25
Rubber (Mar)♥	61.75p	+0.25
Rubber(KL RSS No1 Feb)	221.0m	
Coconut Oil (Phil)§	$585.0x	+5
Palm Oil (Malay.)§	$405.0t	
Copra (Phil)§	$390.0	
Soyabeans (US)	£200.0v	
Cotton 'A' Index	71.95c	+0.45
Wooltops (64s Super)	382p	+2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb/Apr w Mar. z Jan/Mar. v Feb. t Feb/Mar. x Mar/Apr. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

Tea

The Tea Broker's Association reports, landed there was improved, widespread demand. Better liquoring Assams met good competition at dearer rates, mediums remained steady, while plainer types attracted more support than of late with prices about firm. Brightness and good medium East Africans were well supported and often dearer but lesser mediums were irregular and [illegible]. [illegible] were firm. Ceylons [illegible] improved demand [illegible] closed dearer, particularly brighter types. Offshore good demand with prices for brighter teas fully firm, others were irregular. Quotations: quality 165p/kg, good medium 140p/kg, medium 106p/kg, low medium 90p/kg. The highest price realised this week was 205 for a Rwanda pf.

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

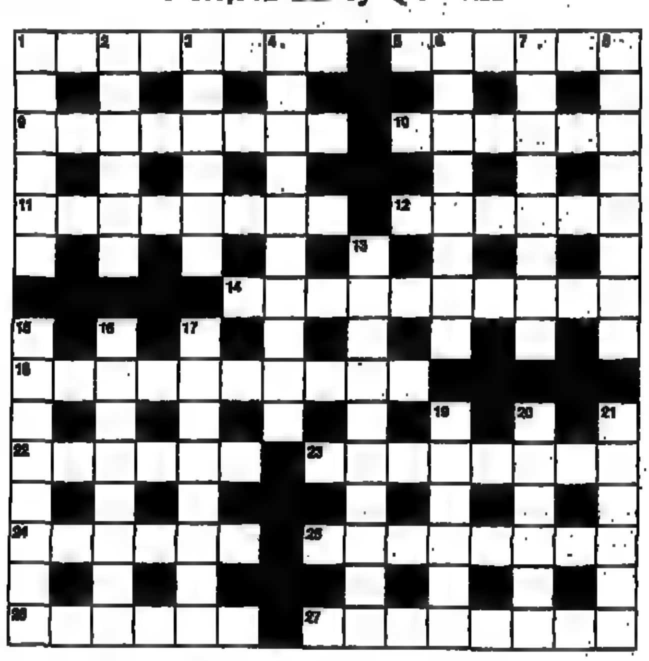
Jan 21	Jan 20	month ago	year ago
1707.5	1707.0	[illegible]	1690.7

■ CRB [illegible] (Base: 1967=100)

[illegible]	Jan 20	month ago	year ago
226.28	225.68	-	201.04

CROSSWORD

No.8,362 [illegible] by QUARK



ACROSS

1 Those lacking judgment set a limit for paper (8)
5 Additional persons' [illegible] not starting (6)
9 [illegible] around that place, [illegible]
10 On ball, confused, [illegible] lacks normal [illegible]
11 Yearns, following [illegible] ion, [illegible] old [illegible]
12 You can either shuffle....(it's a test) (6)
14 Unfounded allegation [illegible] (10)
18 [illegible] (10)
22 Drunk [illegible] AA could [illegible] aware (6)
23 [illegible] creating quite a stir [illegible]
24 Back to cause irritation around the [illegible] Remedy? [illegible]
25 DOE's vital in reshuffle to [illegible] efficiently [illegible]
26 One's unhappy at [illegible] it (6)
27 They could [illegible] the [illegible] in right [illegible] perhaps [illegible]

DOWN

1 [illegible] with strings [illegible]
2 Serve after large port (6)
3 [illegible] cooked in [illegible] becoming product of smelting (6)
4 English mail [illegible] delivery improve [illegible]
6 One leaves worker: worker is [illegible] it [illegible]
7 Rapid development [illegible] unpleasant [illegible]
8 There's always a covering above it (4,4)
13 The way man's [illegible] prepare for locking [illegible] (10)
15 Papa's in accommodation with regular payment, that's clear (8)
16 [illegible] featuring numbers in addition [illegible] the players (8)
17 A living church? No, [illegible] other way round (8)
19 [illegible] prominence to a term [illegible] physics (6)
20 Attack faster in formation (6)
21 [illegible] of cloth could be unnecessary (6)

Solution [illegible] Saturday's prize puzzle on Saturday February 5.
Solution [illegible] yesterday's prize puzzle on Monday February 7.

JOTTER PAD

[illegible] STOCK EXCHANGE

MARKET REPORT

Early loss recovered in modest trading volume

By Terry Byland, UK Stock Market Editor

A good recovery was made by UK stocks from early falls which reflected concern over both the setback in Tokyo equities and also the disclosure [illegible] weekend of the impending tax burden due to fall on UK shareholders in April when the November Budget measures [illegible]. [illegible] were helped by [illegible] favourable response to the latest industrial [illegible] survey from the Confederation of British Industry.

The rally, which reduced the fall in the FT-SE 100 Index from nearly 22 points to only 2.8, followed a similar [illegible] in other European stock markets. The UK insurance sector provided a lead for London following reports [illegible] Union [illegible] Assurances de Paris said it was seeking [illegible] in Britain, which was [illegible] by UK investors [illegible] bid moves.

Overall, the [illegible] market lacked conviction. After opening steadily, in spite of Tokyo's [illegible] fall, the [illegible] ahead 3.2 points. But [illegible]78.4 pro[illegible] be the top of the day and equities turned down as stock index futures reacted to the initial [illegible] in Germany.

But [illegible] responded readily when [illegible] German bond [illegible] rallied and, [illegible] by [illegible] firm [illegible]ing on Wall Street, which in early dealings [illegible] maintain its [illegible] strength, [illegible] fall in the [illegible] was largely [illegible]. The final reading [illegible] index [illegible] 3,481.4, only just under Friday's all-time closing peak.

Seaq volume slipped [illegible] 800.2m [illegible] from Friday's 979.7m, and [illegible] the market [illegible] unexciting yesterday. However, Friday's [illegible] of retail, [illegible]tomer, [illegible] confirmed [illegible] underlying [illegible] in equities remains high. Retail turnover [illegible] £10.9bn, the [illegible] weekly figure for [illegible] months. [illegible] of retail volume have provided the [illegible] enabled [illegible] to [illegible] gains since the beginning of the month.

Account Dealing Dates		
*First Dealings:		
Jan 17	Jan 31	Feb 14
Option Declarations:		
Jan [illegible]	Feb 10	Feb 24
Last Dealings:		
Jan 28	Feb [illegible]	Feb 25
[illegible] Day:		
Feb 7	Feb 21	Mar 7

*New time dealings [illegible] place [illegible] two business [illegible] earlier.

[illegible] issues represented by the FT-SE Mid 250 Index had another calmer session, following the hectic activity seen in the middle of last week. At 4,100.9, the Mid 250 Index was 4.9 off at the close.

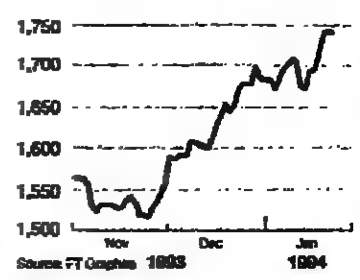
Renewed strength in sterling encouraged those investors looking for an early cut in domestic base rates, and in turn counterbalanced the effects of the April tax increases which prompted a political squabble at the weekend.

The final picture in the UK market was somewhat mixed, with a handful of blue chip names buoying a market which appeared very uncertain. Tax increases are regarded as a serious threat to an economic recovery [illegible] still [illegible] sluggish.

[illegible] brings further trading news [illegible] leading [illegible] for the all-important [illegible] yesterday [illegible] John Menzies, the Edinburgh-based [illegible] agent and stationer, acted as a cur[illegible] raiser [illegible] sector, but [illegible] not seen as a guide to such speci[illegible] clothing retailers [illegible] Burton, which also report on trad[illegible].

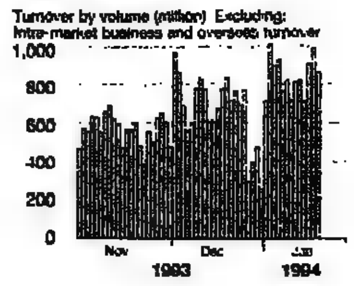
[illegible] continued to make [illegible] but [illegible] were signs [illegible] profit-taking among the utilities, which have been advancing on [illegible] hopes. Con[illegible] mostly lower [illegible] investors weighed the implications [illegible] April [illegible] retail[illegible], [illegible] by reports [illegible] profit margin [illegible] selling.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Source FT Graphite

Key Indicators

Indices and ratios

FT-SE [illegible]	3481.4	-2.8	FT Ordinary [illegible]	2671.1	+2.7
FT-SE [illegible] 250	4100.9	-4.9	FT-SE-A [illegible] Financials p/e	[illegible]	-2.15
FT-SE-A 350	1758.3	-1.5	FT-SE 100 Fut Dec	3880.0	-4.0
FT-SE-A [illegible]	1742.88	-0.77	10 [illegible] yield	6.17	(6.17)
FT-SE-A [illegible] yield	[illegible]	[illegible]	Long gilt/equity yld [illegible]	2.05	(2.05)

Best performing sectors

1 Building & Construct ... +3.2
2 Insurance ... +1.7
3 Spirits, Wines & Ciders ... +1.0
4 Tobacco ... +0.9
5 Engineering ... +0.8

Worst performing [illegible]

1 [illegible] ... -1.7
[illegible] [illegible] Exploration ... -1.7
3 Life [illegible] ... -1.7
4 [illegible] Industries ... -1.4
[illegible] [illegible] Food ... -1.1

Insurers rise on UAP hope

The composite insurance [illegible] burst into life during afternoon trading [illegible] on to [illegible] story that UAP, the French [illegible]ance giant, had indicated [illegible] was [illegible]ing [illegible] the UK insurance [illegible].

"The market's immediate reaction was to hoist the share prices of all the leading composites," [illegible] one marketmaker. [illegible] story [illegible] from Paris, where chief [illegible] Didier Pfeiffer [illegible] quoted [illegible] telling UAP [illegible]: "This [illegible] in [illegible] United Kingdom may [illegible] in [illegible] current [illegible] year."

Speculation in [illegible] initially [illegible] Royal Insurance, but quickly spread [illegible] Alliance [illegible] ultimately [illegible] Commercial Union. Insurance sector specialists, however, remained unconvinced by the stories and pointed to the absence of any determined activity in any of the composites' shares.

One leading analyst said it was most unlikely that UAP [illegible] a major takeover [illegible] the UK "in [illegible] privatisations [illegible] France", and [illegible] the group "does [illegible] the financial [illegible] for [illegible] of [illegible] companies".

Sun [illegible] 14 higher [illegible] 404p on [illegible] traded, Commercial [illegible] rose [illegible] on [illegible] dealt, Royal [illegible] 12 to 341p on 3.8m [illegible] Accident [illegible] 738p.

Beer price war

[illegible] of [illegible] price [illegible] pubs kept brewery [illegible] subdued. A [illegible] magazine published yesterday highlighted a "79p-a-pint" promotion by one regional brewery [illegible] reports of [illegible] offers from [illegible] leading drinks [illegible] were enough to mark [illegible] stocks [illegible] sharply [illegible] opened.

"The [illegible] of a retail price war will be [illegible] enduring story of 1994," [illegible] one analyst. Another, [illegible] Collyer [illegible] Securities, [illegible] was [illegible] one rather than anything fundamental, but added: "The sector can probably shrug off price promotions lasting a month – the worry is if they run and run."

Not all the stocks were hit. Whitbread "A", [illegible] most vulnerable to the threat of a price war, rose 7 to 614p but turnover was miserly.

Elsewhere, most stocks rallied from the early falls. Bass [illegible] 590p. Greene King 4 to 565p, Allied-Lyons 4 [illegible] 659p, [illegible] penny to 580p and Greenalls 3 to 483p. Guinness, thought to be resilient to the discounting threat, jumped 21 to 539p with 6.5m traded.

The minor drag on the S.G. Warburg share price in recent weeks triggered by the legal dispute between the largest of the UK merchant banks and Yeoman International, the Irish financial services group, dissolved yesterday when the two groups agreed an out of [illegible] settlement. Warburg, [illegible] was being sued for £155m by Yeoman, [illegible] the [illegible] of the [illegible] "will have an insignificant effect" on its profit and loss account and financial position. Warburg shares, responding to the news, rallied 8 to 982p.

The high street banks were featured by yet more bullish comment from leading brokers. Last week's positive note from Morgan Stanley was followed by an upgrade by S.G. Warburg [illegible] Barclays advanced 14 to 635p in heavy turnover of [illegible]. The broker [illegible] also said [illegible] promoted [illegible] 2 firmer [illegible] 289p after a hefty 7.2m changing [illegible]. National Westminster, seen as cheap [illegible] to Barclays [illegible] where [illegible] was talk of imminent switching activity, also [illegible] progress, [illegible] 5 [illegible] 610p.

[illegible] buyers continued [illegible] be [illegible] to [illegible] engine manufacturer Rolls-Royce which sent the shares 8 [illegible] to 185p. Volume [illegible] to 19m, making it [illegible] of [illegible] day's [illegible] actively traded stocks. Reports that the government [illegible] raise the 29 per cent maximum foreign ownership limit continued [illegible] heard.

Turnover in British Steel [illegible] to 33m [illegible] buyers joined European investors moving into [illegible] stock. A broker's recommendation last [illegible] European buy[illegible] stock, but it [illegible] reports [illegible] a return to profitability [illegible] companies that attracted [illegible] investors [illegible] the British stock. The shares [illegible] 4 [illegible] 132½p. UK merchant [illegible] Kleinwort Benson [illegible] said [illegible] positive.

[illegible] in [illegible] Aerospace jumped [illegible] 444p, after a [illegible] press report that [illegible] is negotiating [illegible] in [illegible]iary Rover [illegible] from 20 per [illegible] 40 [illegible].

[illegible] suffered amid continued [illegible] of [illegible] restructuring. [illegible] Sainsbury, the focus of much weekend [illegible] speculation [illegible] whether [illegible] not [illegible] would follow the example [illegible] close rival Tesco and [illegible] expenditure programme, declined 2½ [illegible] 457½p. Tesco [illegible] 6 easier at 237½p with 7.6m traded.

In [illegible] otherwise flat [illegible] manufacturing sector, Unigate [illegible] to 430p with SG Warburg highlighting the stock's strong [illegible] flow prospects.

There [illegible] further speculation ahead of results this Thursday from MFI, [illegible] furniture store group. Last week [illegible] under pressure as some in the market suggested that the results would be accompanied by a dull trading statement. However, the stock's supporters [illegible] evident yesterday, with confident predictions of profits [illegible] of the forecast range of £18m-£25m. The shares responded, rising [illegible] to 176p. Turnover was a hefty 5m.

Sparkling results from J [illegible] the shares surging 30 to 654p.

Reports [illegible] Rank Organisation planned an expansion of its film interests lifted the shares 15 [illegible] 1069p. Ladbroke nudged up a penny [illegible] 205p as the company announced an £86m windfall from the relinquishing [illegible] Hong Kong hotel management contract.

Electronics group Molynx slumped 10½ [illegible] 25p after warning of a significant loss for [illegible]. The company said last month it [illegible] involved in take[illegible] talks with Silverminesa. Yesterday Molynx said [illegible] had agreed preliminary terms which [illegible] indicate a value in the region of 25p a Molynx share.

Transport [illegible] Durrant held [illegible] 166p after [illegible] per cent stake, [illegible] 13m shares, in the company, formerly held by Winnedale, [illegible] placed by Charterhouse Tilney, the stockbroker, [illegible] a share.

[illegible] Brothers, the building and property group, jumped [illegible] to 150p after a block of shares moved through the market, via an agency cross carried out at that price.

MARKET REPORTERS:
Christopher Price,
[illegible]
Steve Thompson.

■ Other [illegible] Page 26

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (263).

GILTS (1) War Loan 3 1/2pc, BANKS (7) BREWERIES (3) Fuller STA, Regent Inns, Whitbread, BUILDING & CNSTRN (14) BLDG MATLS & MCHTS (12) Alumasc, Amberley, Blue Circle, Do 7 5/8pc Pf, Enm, Marshalls 6 1/2pc Pf, Meyer Intl., Redland, Sharpe & Fisher, Shaw (A), St. Gobain, Wickes, Wolseley, CHEMICALS (2) Laporte, Wolstenholme Rink, DISTRIBUTORS (12) ABI, Birchley, Culver, Dagenham Mtrs., Dixon Mtrs., European Mtr., Faber Prest, Headlam, Hobson, Lookers, Do 8pc Pf., Perry, Wilton, DIVERSIFIED INDLS (8) ELECTRICITY (1) Manweb, ELECTRNC & ELECT EQUIP (12) ENGINEERING (18) ENG, VEHICLES (4) Bostrom, Caverdale, First Tech., Laird, EXTRACTIVE INDS (2) Milagro Mnls., Premier Land, FOOD MANUF (4) Banks (SC), Devro Intl., Kerry, Nichols (Vimto), HEALTH CARE (3) Amersham Intl., Court Cavendish, Westminster H'care, HOUSEHOLD GOODS (7) Delaney, Lilliput, Lincoln Hse., Osborne & Little 5p, Paterson Zochonis, Do N/V, Walker Greenbank, INSURANCE (4) Commercial Union, Fenchurch, Independent, Shandie, INVESTMENT TRUSTS (88) INVESTMENT COMPANIES (7) LEISURE & HOTELS (10) LIFE ASSURANCE (2) Transatlantic, Do B 6pc Pf, MEDIA (10) MERCHANT BANKS (1) Schroders, OIL EXPLORATION & PROD (2) Edinburgh Oil, Tuskar Res., OTHER FINANCIAL (14) OTHER SERVS & BUSNS (2) Calderburn, Flotex, PRTNG, PAPER & PACKG (8) Bowater 7 3/4pc Pf., Delyn, Hunters Armley, Nearfold, NMC, Somic, Waco, Watmoughs, PROPERTY (21) RETAILERS, FOOD (1) Shoprite, RETAILERS, GENERAL (8) Amotts, Carrons, Lloyds Chems. 7.5p Pf., Menzies (J), Rosebys, Smith (WH) B, SPIRITS, WINES & CIDERS (1) Guinness, SUPPORT SERVS (8) TELECOMMUNICATIONS (1) [illegible] N/V, TEXTILES & APPAREL (4) [illegible] TRANSPORT (7) [illegible]

NEW LOWS (8).

GILTS (4) [illegible] (1) [illegible] OTHER SERVS & [illegible] (1) [illegible] (1) Huntingdon [illegible]

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures finished on a firm note, having recovered from a sharp retreat earlier in the session, as turnover in both the futures and traded options returned [illegible] modest levels, [illegible] *Joel Kibazo.*

An uneventful opening [illegible] 3,493 saw the March contract on the FT-SE 100 come under pressure as a leading independent (local) firm, [illegible] to [illegible] acting for a [illegible] client, [illegible] a large [illegible] order. The overnight plunge in Tokyo, and the early [illegible] in [illegible] European markets, only served to encourage further sporadic selling, sending March to [illegible] low for the day of 3,463.

However, [illegible] completion [illegible] large [illegible] a [illegible] on [illegible] economy [illegible] in [illegible] survey from [illegible] brought a turnround in the [illegible] contract, helping March [illegible] in [illegible] other European [illegible].

The early [illegible] on Wall [illegible] buying of the contract, which ended at 3,498, up [illegible] from Friday's [illegible] 15 points [illegible] value premium [illegible] of [illegible] 7 points. Turnover was 15,238 [illegible] reported good activity in after-hours' trading.

[illegible] in the [illegible] options [illegible] back to 33,801 [illegible] Friday's [illegible] contracts. [illegible] 11,439 were dealt in the FT-SE 100 option [illegible] in the Euro FT-SE [illegible] option.

Activity in [illegible] options was light. Rolls-Royce, favoured by US investors, [illegible] stock option [illegible] a total of 1,511 [illegible]. It was followed by Guinness [illegible], Hanson [illegible] and Commercial Union [illegible] behind [illegible] lots.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	[illegible]	[illegible]	High	Low	Est. vol	Open int.
Mar	[illegible]	[illegible]	-4.0	[illegible]	[illegible]	16440	71256
Jun	[illegible]	[illegible]	-8.5	3500.0	[illegible]	3302	[illegible]
Sep	-	[illegible]	-4.0	-	-	0	300

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3475) £10 per full index point

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

TRADING VOLUME

■ Major Stocks yesterday

[illegible]

FT-SE Actuaries Share Indices — The UK Series

[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry [illegible]

[illegible]

LONDON EQUITIES

[illegible] EQUITY OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	37	8	33
Other Fixed Interest	0	8	9
Mineral Extraction	24	100	64
General Manufactures	168	158	382
Consumer Goods	58	37	101
Services	128	111	285
Utilities	15	20	11
Financials	98	86	209
Investment Trusts	06	81	289
Others	24	43	47
Totals	641	650	1429

Data based on those companies listed on the London Share Service

LONDON RECENT ISSUES: EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

TRADITIONAL OPTIONS

First Dealings Jan. 24 Last [illegible] April 21
Last Dealings Feb. 4 [illegible] May 3

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£23½	-⅛	£26¼	£18¼	6,634	4.4	12.7
ANZ A$		250¼	+3¼	250¼	130	3,281	3.6	φ
Abbey National	†□	511	+3	524	345	6,699	2.9	19.7
Allied Irish I£	♣†□	298	-6	314	179	1,983	3.6	15.2
Anglo Irish I£		69xd	....	*70	28	167.9	6.1	φ
Asahi Y		669¼	-19½	844	415	15,626	0.7	-
Banco Bil Viz Pta		£14¾	-⅛	£17⅞	£13½	3,322	5.7	6.5
Banco Sant Pta		£32⅝	+2⅛	£36	£24⅞	3,589	4.1	12.2
Bank Leumi (UK)		375	....	375	325	29.6	5.7	-
Bk Ireland I£	♣□	309	-1	*319	177	1,468	4.0	22.8
Bank Scotland	♣†□	246½	+8½	246½	116½	2,989	2.4	33.5
9¼pc Pf		140¼	--	140¼	117¾	140.2	8.2	-
9¾pc Pf		147¼	---	147¼	123½	147.2	8.3	-
Barclays	†□	635	+14	682	362	10,306	2.5	-
Dai Ichi Kan Y		£11⅜	-½	£15⅞	£8⅞	35,197	0.5	62.4
Deutsche DM		£305⅝	-1½	£348⅞	£250½	14,558	2.0	-
Espirito Santo		£25⅛	....	£26¼	£16½	268.2	3.2	6.0
First Nat Fin	□	84xd	....	*95	45	140.8	2.2	φ
6.3pc Cv Pf		88xd	--	*91	55	6.92	8.9	-
7pc Cv Pf		165xd	-1	167½	106	78.3	5.3	-
Fuji Bank Y		1245	-33	1651	876	36,051	[illegible]	-
HSBC HK	†□	992	-8	1007	474	16,833	[illegible]	23.7
HSBC (75p Shs)	†□	979	-12	993	490	8,029	[illegible]	23.4
Lloyds	†□	656	+8	690	492	8,423	[illegible]	18.6
Mitsubishi Y		£17¼	-½	£19¾	£11⅛	49,538	0.3	-
Mits Tst & Bk Y		800	-15	1012½	462½	10,417	0.8	12.8
Mitsui Tst & Bk Y		622½	-36	852	374	7,459	0.9	21.2
Nat Aust A$		581	....	581	322	7,639	3.9	φ
NatWest	†□	611	+6	634	338	10,154	3.6	37.1
Ottomane FFr		£32	+1	£32½	£23¼	160.0	4.7	9.4
Ryl Bk Scotland	♣†□	469xd	+3	472	207	3,723	2.9	21.2
Sakura Y		£9⅞	-⅞	£11	£5¾	29,101	0.6	64.8
Sanwa Y	$	£12⅜	-⅝	£16	£7¾	38,758	0.4	-
Standard Chartd	†□	1345	-15	1370	576	3,202	1.9	-
Sumitomo Y		£12⅜	-⅜	£16¼	£8⅞	39,786	0.4	27.3
Sumitomo Tst Y		738¼	+1½	967½	437½	9,183	0.7	57.9
TSB	q□	289	+1	291	145½	4,387	3.4	22.4
Tokai Y		£7⅞	-⅛	£9⅞	£4⅞	14,418	[illegible]	47.5
Toyo Tst & Bk Y		610½	-36	840	411	4,798	[illegible]	54.4
Westpac A$		227xd	+3	227	121	3,979	[illegible]	φ
Yasuda Tst Bk Y	†	[illegible]	-13½	690	343	5,291	[illegible]	42.7

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

ENGINEERING, VEHICLES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited. For a guide only. See guide to London Share Service

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited. For a guide only. See guide to London Share Service

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SPIRITS, WINES & CIDERS - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		[illegible]	...	[illegible]	[illegible]	808.4	5.2	11.4
Barlow Rand		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.8	7.6
Gold Fields SA R		[illegible]	[illegible]	[illegible]	[illegible]	1,408	2.8	24.0
NK Props		[illegible]	...	[illegible]	[illegible]	[illegible]	[illegible]	♦
SASOL	♥	289	-3	308	215	1,837	5.4	-
SA Brews		[illegible]	[illegible]	[illegible]	[illegible]	6,780	2.2	20.8
Tiger Oats		713	...	[illegible]	513	1,071	2.3	15.1
Tongaat-Hulett	†	[illegible]	+18	472	212	338.3	3.3	12.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the *Financial Times* Group

Company classifications are [illegible] on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status [illegible] the notes column daily as a guide to yields and P/E ratios. Dividends [illegible] dividend covers are published on Monday.

Market capitalisation [illegible] is calculated [illegible] for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights

Estimated Net Asset Values [illegible] Investment Trusts, in pence per share, [illegible] counts (Dis) or premiums (Pre -) to the current [illegible] V basis assumes prior charges at par value, [illegible] warrants exercised if dilution occurs.

- (*) Indicates the most [illegible] includes UK stocks where transactions [illegible] continuously through the Stock Exchange Automated Quotation [illegible] (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for [illegible] issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- ♥ Not officially UK listed, dealings permitted under rule 535(4)(a)
- Free annual/interim report available, see details below
- USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed, dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending [illegible] and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based [illegible] annualised [illegible]
b Figures [illegible] prospectus [illegible] official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on la[illegible]gs.
u Forecast, [illegible]ded annualised [illegible] yield, p/e b[illegible] previous year's earnings.
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xt ex capital d[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for [illegible] security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT1089. (If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822) Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust [illegible] are available over the telephone. Call the FT Cityline [illegible] (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS 051-239 3000				
Royal Shield Fd.	998.9	1054.8	—	—
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	397.4	418.3	-0.7	—
Equity Fund	576.9	607.2	+1.4	—
Property Fund	306.1	322.4	—	—
International Fund	487.7	573.4	-3.6	—
Gilt Fund	384.4	404.6	-1.4	—
Money Fund	218.6	228.0	—	—
United States Fund	258.6	272.2	+0.9	—
Pacific Basin	302.8	318.7	-5.7	—
Royal Life (Unit Linked Pensions Fds) Ltd				
Exempt Man Fd Acc	490.0	516.7	-1.4	—
Exempt Equity Fd Acc	876.3	922.4	-2.4	—
Exempt Prop Fd Acc	314.9	331.4	—	—
Exempt Intl Fd Acc	795.3	837.1	-8.6	—
Exempt Gilt Fd Acc	460.2	484.4	-2.2	—
Exempt Money Fd Acc	297.3	312.9	—	—
Royal Liver Assurance				
Royal Liver Building, Liverpool, L3 1HT. 051-236 1451				
UK Equity	83.1	87.5	—	—
Global Equity	81.0	84.2	—	—
High Yield	81.0	85.3	—	—
Intl Equity	86.7	91.3	—	—
Fixed Interest	83.3	87.7	—	—
Money	76.0	80.0	—	—
Managed	84.1	88.5	—	—
Pensions				
UK Equity	91.0	95.8	—	—
Global Equity	85.0	89.4	—	—
High Yield	95.0	100.0	—	—
Intl Equity	96.9	102.0	—	—
Fixed Interest	100.3	105.6	—	—
Money	94.0	98.9	—	—
Managed	95.0	100.0	—	—
[illegible]	71.3	75.1	—	—
[illegible] Life Assurance Co Ltd				
[illegible], Chadwell Hth RM6 6PJ 081-597 7856				
Managed Fund	162.4	171.0	+0.2	—
[illegible] Mngd Fd	183.6	193.3	+0.4	—
[illegible] Prosper Group (z)				
[illegible] Western Rd, Romford RM1 3LB 0708-766966				
[illegible]	780.2	825.7	-1.5	2.12
[illegible] AG Bond Fd	168.7	179.4	-0.3	—
[illegible]	358.9	379.8	—	5.78
[illegible] Portfolio	90.0	95.3	+0.5	—

	Bid Price	Offer Price	+ or -	Yield Gross
[illegible] Life Assurance Co Ltd (z)				
[illegible] Southampton 0703 334411				
[illegible] 0800 181300				
Life Managed Funds				
Skandia Cautious	148.7	188.5	-0.3	—
Skandia Balanced	391.7	412.3	+2.1	—
Skandia Distribution	120.6	127.1	+0.1	—
Skandia Ethical Selection	126.7	133.3	+0.7	—
Skandia Deposit	260.2	273.8	+0.1	—
Abtrust Managed	135.5	142.8	+0.2	—
Baring Managed	148.0	155.7	-0.1	—
CU Managed	251.6	264.8	-0.1	—
Fidelity Managed	214.7	225.9	+0.3	—
Fleming Managed Inv Tst	148.6	156.4	-0.5	—
F & C Investment Trust	191.8	201.8	-0.6	—
Framlington Managed	244.7	257.6	+0.6	—
Gartmore Managed	274.8	289.9	+0.6	—
Henderson Managed	275.5	290.0	+0.4	—
Hill Samuel Managed	245.4	258.2	+0.1	—
Invesco Managed	210.2	221.2	+0.2	—
James Capel Core Mngd	145.3	152.9	+0.5	—
Kleinwort Benson Mngd	144.8	152.4	+0.1	—
Martin Currie Mngd	159.8	168.3	-0.2	—
Morgan Grenfell Mngd	165.2	173.8	+0.1	—
Murray Johnstone Managed	160.4	168.8	+0.3	—
Perpetual Managed	230.8	242.9	-0.2	—
Schroder Managed	143.2	150.7	+0.8	—
Pension Managed Funds				
Skandia Cautious	164.6	173.2	-0.2	—
Skandia Balanced	631.8	664.5	+3.2	—
Skandia Ethical Selection	141.0	148.4	+0.7	—
Skandia Deposit	447.0	470.5	+0.2	—
Abtrust Managed	147.4	155.1	+0.1	—
Baring Managed	169.2	178.1	-0.1	—
BZW Managed	136.6	143.7	+0.9	—
CU Managed	306.2	322.3	-0.2	—
Fidelity Managed	240.7	253.3	+0.3	—
Fleming Managed Inv Tst	172.1	181.1	-0.6	—
F & C Investment Trust	221.5	233.1	-0.6	—
Framlington Managed	380.3	400.3	+1.0	—
Gartmore Managed	412.1	433.7	+0.8	—
Henderson Managed	368.4	387.7	+0.6	—
Hill Samuel Managed	314.3	330.8	+0.9	—
Invesco Managed	296.7	312.2	+0.4	—
James Capel Core Mngd	164.4	173.0	+0.4	—
Kleinwort Benson Mngd	155.6	163.9	+0.1	—
Martin Currie Mngd	179.8	189.3	-0.3	—
Morgan Grenfell Mngd	188.1	197.9	+0.1	—
Murray Johnstone Mngd	171.6	180.6	+0.1	—
Perpetual Managed	283.1	298.0	-0.2	—

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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Foreign & Colonial Mngmt (Jersey) Ltd

Commercial Union Luxembourg SA - Contd.

Nomura Global Fund (z)

Credit Suisse - Contd.

SCUTECH SA

Credit Lyonnais Rouse (Bermuda) Ltd

International Fund Administration Ltd

Putnam Emberay Funds Ltd

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Yen recovers in UK

The yen traded in a fairly narrow range yesterday following a sharp weakening in Asian trading in response to a large stockmarket sell-off in Japan, *writes Philip Gawith.*

Sterling, meanwhile, strengthened across the board as the market took cheer from the [illegible] quarterly industrial trends survey which lent support [illegible] the view that [illegible] non-inflationary economic recovery is well underway.

■ After falling sharply in Tokyo, the yen recovered yesterday in UK trading [illegible] finish [illegible] Y111.825 to the dollar compared to Friday's close of Y111.210. The currency continued to strengthen in New York touching Y111.70 yesterday afternoon.

The currency's earlier weakness [illegible] prompted by the sharp fall in the Nikkei average of 954 points, or nearly five per cent yesterday, the first trading day since Japanese political reforms were rejected last Friday.

Opinion is divided about the short-term outlook for the yen. Mr Steve Hannah, head of research [illegible] IBJ International, commented "The yen [illegible] itself between [illegible] rock and [illegible] hard place." On [illegible] one hand, US-Japanese trade [illegible] a very sensitive stage. Should *they fall, this would be positive* for the yen. On the other hand, the fall of the stockmarket and the government's difficulties [illegible] negative for the yen. "The market has [illegible] yet made up its mind which way the big break is going to be," says Mr Hannah.

Despite the government's weak position, [illegible] optimistic that it will [illegible] manage [illegible] introduce a stimulatory fiscal package. [illegible] Paul Chertkow, head of global currency research at UBS, said there [illegible] underlying market belief that the government would do a deal [illegible] the [illegible] of political reform and [illegible] further fiscal package.

Mr Chertkow calculates that this - the fourth such package - would be around Y10 trillion bringing the cumulative stimulus [illegible] about Y40 trillion, [illegible] 8 per cent of GDP - "a huge dose of fiscal medicine."

While market consensus favours a weakening yen, [illegible] Mark Austin, treasury [illegible]gist at Midland [illegible] Markets, [illegible] the [illegible] could [illegible] in the near term. He notes [illegible] "no sign (other than in [illegible] positioning) of the capital outflow that would [illegible] yen lower in [illegible] still enormous current [illegible] surplus. On the contrary, Japanese investors seem [illegible] likely [illegible] repatriate funds, [illegible]cially [illegible] many appear to believe that [illegible] Japanese equity market represents better value [illegible] others [illegible] the Far East."

[illegible] the government delays fiscal stimulus, the prospect [illegible] lower official interest rates [illegible] more likely.

Mr Tony Northfield, UK Treasury economist [illegible] AMRO, notes that with [illegible] Japanese discount rate [illegible] 1.75 per cent, [illegible] producer prices falling [illegible] of 3 per cent, real [illegible] for [illegible] companies are still quite high.

■ Sterling rose [illegible] the board yesterday after the release of [illegible] better than expected [illegible] survey.

Analysts [illegible] it [illegible] a further acceleration in output without any significant increase in inflation. It [illegible] day [illegible] $1.496 [illegible] compared with [illegible] and DM [illegible] Friday.

The survey showed [illegible] orders and output had risen [illegible] past four months [illegible] the strongest [illegible] for nearly [illegible] years. Business [illegible] increased for the fifth quarter in succession while, for the first time since [illegible], investment intentions show a positive [illegible] with more firms expecting to [illegible] spending on plant [illegible] machinery over the next [illegible] months.

Mr Hannah [illegible] IBJ said the report had been quite helpful [illegible] the government in providing it with ammunition to deflect some of the criticism it [illegible] getting about [illegible] increases. The report, he said, supports the government's argument that the recovery is strong enough to absorb the pl[illegible]d t[illegible] increases. The market appeared unmoved by the growing political [illegible] surrounding the [illegible] rises.

● The mark edged a little lower against other ERM currencies [illegible] yesterday amid growing speculation of a German interest rate cut. [illegible] weakening against the pound, it was [illegible] lower against the dollar, which finished at DM1.7504 compared [illegible] Friday's cl[illegible] of DM1.7474.

Inflation data from North-Rhine Westphalia, the first [illegible] report January figures, [illegible] in [illegible] a better than expec[illegible] per [illegible] year-on-year, after [illegible] per [illegible] in December. Analysts [illegible] that if this pattern [illegible] *repeated* when other [illegible] reported their figures, then there [illegible] increased [illegible] at [illegible] week's [illegible] meeting.

●

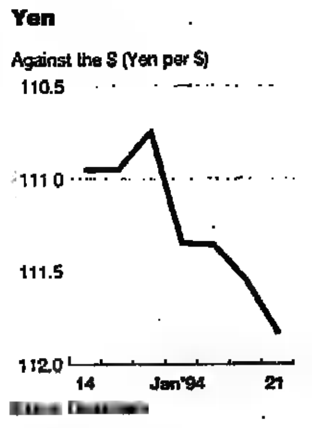
In [illegible] money [illegible] operations [illegible] Bank of England yesterday provided late assistance of around £680m.

After forecasting [illegible] liquidity shortage of about £1bn, the Bank yesterday provided the UK money market with [illegible] of early assistance. The central bank bought [illegible] of [illegible] for resale [illegible] the [illegible] on February 9 at the established repo [illegible] of 5⅜ per cent. The [illegible] provided [illegible] money market with [illegible] further [illegible] of assistance later in the morning and in [illegible] afternoon purchased bills totalling £122m after revising its forecast of the shortage to about £1.05bn.

These operations [illegible] the [illegible] rate [illegible] cent.

Yen

Against the $ (Yen per $)



■ Pound in New York

Jan 24	— Latest —	— Prev. close —
£ spot	1.4945	[illegible]
1 mth	1.4913	[illegible]
3 mth	1.4863	1.4843
1 yr	1.4721	[illegible]

POUND SPOT FORWARD AGAINST THE POUND

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 24		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	[illegible]	[illegible]	18.65	16.30	4.806	[illegible]	4660	5.384	20.65	483.4	392.2	22.08	[illegible]	[illegible]	3.599	[illegible]	[illegible]	2.474
Denmark	[illegible]	53.63	10	8.743	2.578	[illegible]	2510	[illegible]	11.07	259.3	[illegible]	11.84	[illegible]	0.384	1.930	1.472	164.7	[illegible]
France	(FFr)	[illegible]	11.44	10	2.948	1.179	2871	3.303	12.66	296.5	240.6	[illegible]	[illegible]	1.126	2.208	1.684	188.3	1.518
Germany	[illegible]	[illegible]	3.879	[illegible]	1	0.400	973.7	[illegible]	4.296	100.6	81.60	[illegible]	0.836	[illegible]	[illegible]	[illegible]	[illegible]	0.515
Ireland	[illegible]	52.04	[illegible]	8.484	2.501	1	[illegible]	[illegible]	[illegible]	251.8	204.1	11.49	2.092	0.855	[illegible]	[illegible]	159.8	[illegible]
Italy	(L)	2.137	0.398	[illegible]	0.103	[illegible]	100.	0.115	[illegible]	10.33	[illegible]	[illegible]	0.086	0.039	0.077	[illegible]	6.561	0.053
Netherlands	(Fl)	[illegible]	3.463	3.028	0.893	0.357	869.1	1	3.834	89.78	72.84	4.100	0.746	0.341	0.668	0.510	57.02	0.459
Norway	(NKr)	[illegible]	9.031	7.896	2.328	0.931	2267	[illegible]	10	234.1	190.0	10.69	1.947	0.889	1.743	1.330	[illegible]	[illegible]
Portugal	[illegible]	20.69	3.857	3.372	0.994	0.397	968.1	1.114	4.271	100.	81.13	[illegible]	0.831	0.380	[illegible]	0.568	63.52	0.512
Spain	(Pta)	25.50	[illegible]	4.157	1.226	0.490	[illegible]	[illegible]	5.264	[illegible]	100.	[illegible]	1.025	0.468	0.918	0.700	[illegible]	0.631
Sweden	[illegible]	[illegible]	[illegible]	7.384	2.177	0.870	2120	2.439	9.352	219.0	177.6	[illegible]	1.820	0.831	1.630	1.244	139.1	1.121
Switzerland	(SFr)	24.88	[illegible]	4.056	[illegible]	0.478	1164	[illegible]	[illegible]	120.3	97.58	5.493	1	[illegible]	[illegible]	0.683	76.39	0.616
[illegible]	(£)	54.49	10.16	8.883	2.619	1.047	2550	2.934	11.25	263.4	[illegible]	[illegible]	2.190	1	1.961	1.496	[illegible]	[illegible]
Canada	(C$)	27.79	5.181	4.530	[illegible]	[illegible]	1300	1.496	5.737	134.3	[illegible]	6.135	1.117	0.510	1	[illegible]	85.31	[illegible]
US	[illegible]	36.42	6.791	[illegible]	1.751	[illegible]	1705	1.961	[illegible]	176.1	[illegible]	[illegible]	1.464	[illegible]	1.311	1	111.8	[illegible]
Japan	(Y)	[illegible]	[illegible]	[illegible]	[illegible]	6.258	15242	17.54	[illegible]	[illegible]	[illegible]	71.91	[illegible]	5.977	11.72	[illegible]	[illegible]	[illegible]
Ecu		40.42	7.537	6.590	1.943	0.777	[illegible]	2.177	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.742	1.455	1.110	124.1	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	[illegible]	0.5683	[illegible]	0.5691	0.5672	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	-	0.5627	[illegible]	-	-	5	266

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8929	[illegible]	-0.0029	[illegible]	[illegible]	[illegible]	[illegible]
Jun	0.8951	[illegible]	[illegible]	[illegible]	0.8930	264	[illegible]
Sep	0.9020	[illegible]	[illegible]	0.9020	0.9014	[illegible]	386

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

■ STERLING FUTURES (IMM) £62,500 per £

EMS EUROPEAN CURRENCY UNIT RATES

WORLD INTEREST RATES

MONEY RATES

EURO CURRENCY INTEREST RATES

UK INTEREST RATES

LONDON MONEY RATES

BASE LENDING RATES

	%
Adam & Company	5.5
Allied Trust Bank	5.5
AIB Bank	5.5
●Henry Ansbacher	5.5
Bank of Baroda	5.5
Banco Bilbao Vizcaya	5.5
Bank of Cyprus	5.5
Bank of Ireland	5.5
Bank of India	5.5
Bank of Scotland	5.5
Barclays Bank	5.5
Brit Bk of Mid East	5.5
●Brown Shipley	5.5
CL Bank Nederland	5.5
Citibank NA	5.5
City Merchants Bank	5.5
Clydesdale Bank	5.5
The Co-operative Bank	5.5
Coutts & Co	5.5
Credit Lyonnais	5.5
Cyprus Popular Bank	5.5
Duncan Lawrie	5.5
Exeter Bank Limited	6.5
Financial & Gen Bank	6
●Robert Fleming & Co	5.5
Girobank	5.5
●Guinness Mahon	5.5
Habib Bank AG Zurich	5.5
●Hambros Bank	5.5
Heritable & Gen Inv Bk.	5.5
●Hill Samuel	5.5
C. Hoare & Co	5.5
Hongkong & Shanghai	5.5
Julian Hodge Bank	5.5
●Leopold Joseph & Sons	5.5
Lloyds Bank	5.5
Meghraj Bank Ltd	5.5
Midland Bank	5.5
* Mount Banking	6
NatWestminster	5.5
●Rea Brothers	5.5
* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Royal Bk of Scotland	5.5
●Smith & Williman Secs	5.5
Standard Chartered	5.5
TSB	5.5
●United Bk of Kuwait	5.5
Unity Trust Bank Plc	5.5
Western Trust	5.5
Whiteaway Laidlaw	5.5
Wimbledon & Sth West	5.5
[illegible] Bank	5.5

● [illegible] of [illegible] Banking & Securities [illegible]

* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, January 24, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fujitsu	8.2m	686	-41	Hanwa	3.7m	635	-5
Nippon Steel	5.1m	304	-19	Isuzu Motor	3.5m	386	-30
Hokuetsu Bank	5.1m	558	-3	Tokyo Gas	3.3m	613	-25
Oki Elec	5.0m	584	-34	Ito Yokado	3.3m	5,200	-90
NEC	4.3m	841	-41	Hitachi	3.3m	820	-38

INDICES

	Jan 24	Jan 21	Jan 20	1993/4 High		1993/4 Low	
Thailand							
Bangkok SET (30/4/75)	1461.58	1408.46	1398.30	1753.73	4/1/94	818.84	1/6/93
Turkey							
Istanbul Cmp.(Jan 1986)	24260.7	28072.9	27024.8	28880.69	13/1/94	3855.53	1/1/93
WORLD							
MS Capital Int (1/1/70)	608.4*	617.4	616.4	617.40	21/1/94	488.60	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1482.11	1471.55	1475.95	1493.81	11/1/94	1063.02	13/1/93
Euro Top-100 (26/6/90)	1264.38	1259.32	1261.13	1268.80	19/1/94	962.73	13/1/93
JCapelDrgns (31/12/88)	(u)	358.90	354.21	385.19	5/1/94	180.82	4/1/93
Barings Emerg.(7/1/92)	174.57	173.86	171.09	174.57	24/1/94	88.81	4/2/93
Japan							
Nikkei 225 (16/5/49)	18353.24	19307.43	19183.92	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	277.28	290.56	288.76	308.84	10/11/93	249.64	29/11/93
Topix (4/1/68)	1499.06	1569.91	1550.79	1698.67	3/9/93	1250.06	25/1/93
2nd Section (4/1/68)	1998.21	2052.42	2057.52	2384.87	7/6/93	1691.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	1084.55	1083.78	1050.02	1314.46	5/1/94	614.28	13/1/93

** Sat Jan 22: Taiwan Weighted Price 5970.03; Korea Comp Ex 877.75. ♦ Bovespa Index corrected 1993/4 'high'. Base values 100, except: Australia All Ord/Mng – 500; Austria Traded, BEL20, HEX Gen, MIB Gen, SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Jan 24 - 2107.29 +33.35.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Jan	2240.0	2285.0	+36.0	2288.0	2226.0	27,403	32,657
Feb	2258.0	2298.0	+36.0	2298.0	2243.0	1,757	6,133
Mar	2299.5	2309.5	+36.0	2310.0	2254.0	984	37,510
Jun	-	2305.0	+36.0	-	-	-	2,285

Open interest figures for previous day.

US INDICES

				1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	474.72	474.98	474.30	475.27 (10/1/94)	429.05 (8/1/93)	475.27 (10/1/94)	4.40 (1/6/32)
Industrials	553.38	553.38	552.99	553.49 (10/1/94)	496.48 (26/4/93)	553.49 (10/1/94)	3.82 (21/6/32)
Financial	44.85	44.83	44.60	48.40 (28/9/93)	38.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	263.12	263.25	262.95	263.23 (20/1/94)	236.21 (8/1/93)	263.23 (20/1/94)	4.46 (25/4/42)
Amex Mkt Val	484.74	484.81	483.28	484.81 (20/1/94)	395.84 (8/1/93)	484.81 (20/1/94)	29.31 (9/12/72)
NASDAQ Cmp	794.28	793.03	788.28	794.28 (21/1/94)	645.57 (29/4/93)	794.28 (21/1/94)	54.87 (31/10/72)

■ RATIOS

	Jan 21	Jan 14	Jan 7	Year ago
Dow Jones Ind. Div. Yield	2.59	2.62	2.65	3.18
	Jan 19	Jan 12	Jan 5	Year ago
S & P Ind. Div. yield	2.34	2.35	2.38	2.58
S & P Ind. P/E ratio	28.13	28.07	27.72	26.85

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Mar	473.60	473.60	-	473.90	473.25	44,980	180,999
Jun	474.70	474.65	+0.20	474.75	474.60	193	4,885
Sep	-	476.00	-	476.00	475.90	16	865

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Host Marriott	5,553,400	12	----
Comp Assoc	4,981,500	36	-3
Telefonos	4,135,600	69⅝	+⅛
Intl Game	4,120,500	28⅞	-1
RJR Nabisco	3,688,000	7⅛	----
Merck	3,411,900	35⅞	-⅜
IBM	3,173,900	55	-⅛
Wal-Mart	3,152,800	25⅞	-⅛
Gen Motors	2,746,500	60⅝	+⅜
Chem Bank	2,897,200	37⅞	-⅛

■ TRADING ACTIVITY

● Volume (million)	Jan 21	Jan 20	Jan 19
New York SE	345.888	383.746	310.829
Amex	20.497	18.820	18.353
NASDAQ	349.432	340.186	337.887
NYSE			
Issues Traded	2,742	2,714	2,725
Rises	972	1,108	1,112
Falls	1,061	962	979
Unchanged	709	644	634
New Highs	132	131	138
New Lows	24	15	20

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close January 24

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
16	11 1/2	AAR	0.48	3.0	529	267	u16	15 3/4	15 7/8	
29 3/8	12 3/4	A L Labs A	0.18	1.1	38	390	15 3/4	15 3/8	15 3/4	+1/8
67 1/4	54 3/8	AMP	1.60	2.5	22	949	64 1/4	63 5/8	63 5/8	-3/4
72 3/4	55 1/2	AMR			33	3458	70 5/8	69 1/2	69 1/2	-1/4
4 1/2	1 3/4	ARX			17	431	u4 1/2	4 1/4	4 3/8	
56 1/8	29 7/8	ASA	2.00	3.8	34	1045	52 5/8	51 3/4	52	-1/4
30 3/4	22 5/8	Abbtl.	0.68	2.4	16	6743	28 7/8	28 1/8	28 1/4	-1/2
13	8 1/4	Abitibi Pr	0.50	4.1	7	74	12 1/2	12 1/8	12 1/8	-5/8
15 5/8	8 3/4	Acptncain			25	106	13 5/8	13 1/4	13 5/8	+3/8
36	25 1/2	ACE Ltd	0.40	1.4	5	481	28 7/8	28 1/2	28 3/4	
12 5/8	10 3/4	ACM Gvt In	1.06	8.5		1093	12 5/8	12 1/4	12 3/8	
10 1/8	9 1/8	ACM GvOpp	0.80	8.0		74	10	9 7/8	10	
10 5/8	8 3/4	ACM Gvt Sp	0.95	9.3		632	10 1/2	10 1/4	10 1/4	-1/8
12 1/4	10 1/2	ACM Gvt Se	1.04	8.8		602	11 3/4	11 5/8	11 3/4	
12 1/4	9 5/8	ACM Man	1.08	9.5		1400	11 1/2	11 3/8	11 3/8	-1/8
9 3/8	8 5/8	ACM Managd	0.72	7.8		108	9 1/4	9 1/8	9 1/8	
12 3/8	7 3/4	AcmeClv	0.44	4.5	12	46	9 7/8	9 5/8	9 7/8	+1/8
11 3/8	6 3/8	Acme Elect			36	124	8 3/8	8	8	
27 5/8	16 1/2	Acordia	0.44	1.8	14	17	24 7/8	24 1/4	24 7/8	+1/4
16	10 1/4	Acuson			57	828	12 3/4	12 5/8	12 3/4	
21 3/4	17 5/8	Adams Expr	0.52	2.9	0	225	18 3/8	18 1/8	18 1/8	-1/4
66 1/4	45 1/2	Ad Micro	3.00	6.0		218	50 3/8	48 3/4	50 1/4	+1 1/2
32 3/4	16 3/4	AdvMic	3.00	14.6	8	14788	20 1/2	19 1/8	20 1/2	+1 3/8
8 1/8	5 1/2	Advest Grp	0.16	2.5	11	160	6 3/4	6 1/2	6 1/2	-1/8
24 3/4	14 3/4	Advo Inc	0.08	0.4	66	360	18 1/2	18 1/8	18 1/4	-1/4
58 1/2	41 1/8	Aegon ADR	1.23	2.2	12	8	55	54 1/2	55	+1/4
66 1/4	43 3/8	AetnaL	2.76	4.7	25	1998	58 7/8	58 1/8	58 1/8	-1 1/4
34	24 3/4	Aflac	0.40	1.5	11	3574	25 7/8	25 1/4	25 7/8	+1/8
22 1/8	16 3/4	Ahmnsn	0.88	4.8	8	5637	19	18 3/8	18 3/8	-1/4
7 3/4	2 1/2	Aileen Inc			3	205	3	2 7/8	2 7/8	
49 1/8	37 1/2	AirPrC	0.92	1.9	27	3886	49	48	48	-5/8
38 1/2	18 1/8	Airbrne Frt	0.30	0.9	27	1606	34	33 5/8	33 5/8	-1/4
25 1/2	9 5/8	Airgas Inc			49	845	u25 3/4	25 1/4	25 3/8	+1/8
16 1/8	10 1/2	Airlease	1.84	11.9	11	30	15 5/8	15 3/8	15 1/2	-1/8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- B -

- C -

- D -

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NYSE COMPOSITE PRICES

4 pm close January 24

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
		Continued from previous page								
55½	37½	StJoePaper	0.20	0.4	276	58	52½	52¼	52½	
37⅞	28	StJosL&P	1.80	6.3	11	35	28⅝	28⅜	28⅜	-¼
98	75	StPaul	2.80	3.2	41	962	88⅝	86¾	87¼	-1½
11⅞	6⅛	Salant Crp			10	148	8¾	8⅛	8⅜	-½
75¼	39⅞	Sallie Mae	1.40	2.9	9	1774	48	47⅛	47¾	-⅛
14⅝	12⅝	Salomon Br	0.55	4.1		382	13⅜	13¼	13⅜	+⅛
51⅞	34	Salomn	0.64	1.4	71	2093	45¾	44⅛	45⅛	-⅛
27¾	23¼	SaDgGE	1.48	6.3	12	872	23¾	23½	23½	-¼
5	3½	SantaFeEDu	0.40	8.2	48	10	4⅞	4⅞	4⅞	
11⅞	8⅝	SantaFeERs	1.40	14.7	318	577	9¾	9⅜	9½	
40¾	35¾	SantaFePac	2.80	7.0	18	55	40	39⅝	39⅞	+⅜
26¼	12¾	SanFeP	0.10	0.4	13	7419	24⅝	24⅛	24¼	-⅜
31⅛	21	SaraLee	0.64	2.7	16	5625	24	23½	23½	-¼
52¾	40⅛	Scana Corp	2.74	5.7	13	181	47⅞	47½	47⅞	
25⅜	19	Scecrp	1.42	7.5	12	6433	19¼	[illegible]	19	-¼
38⅞	23⅞	SchererRP			30	766	38	37⅛	37¼	-⅛
71	51¾	SchrPl	1.80	2.9	15	7328	63	61⅝	62	-1⅜
68⅞	55⅜	Schlmb	1.20	2.0	23	6178	59⅝	58⅜	58⅝	-1⅛
38⅞	16½	Schwab(C)	0.28	1.0	13	3065	28⅝	28	28½	+⅝
7¾	5⅝	Schwitzer			105	11	7½	7¼	7⅜	+⅛
38⅞	17¾	SciAtl	0.12	0.4	49	2453	33⅝	32⅜	32½	-½
15	9⅛	Scotsman	0.10	0.7	14	25	14⅝	14¾	14¾	+⅛
44	31	ScottP	0.80	1.8	27	2765	43⅝	42⅞	43½	+½
26⅝	14¼	ScuddrNAsF	0.27	1.1		360	25⅜	25	25	-⅝
11⅛	7½	ScuddrNEuF	0.16	1.5		537	10¾	10½	10¾	+¼
31½	16¾	SeaCnt	0.70	3.9	8	24	18	17⅞	18	
17	16	SeaCt1.4625	1.48	8.9		2	16⅜	16	16½	+⅜
30⅛	24½	Seagrm	0.56	1.9	37	3818	29¾	29½	29½	-⅛
32⅞	15	Seagat En			46	7420	26⅞	25¾	25⅞	-⅞
32	21	Sealed Air			23	392	29⅞	29	29⅛	-¼
60⅛	42⅝	SearsR	1.60	3.1	30	7538	53⅛	52	52	-¼
[illegible]										

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Price data supplied by Telekurs

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AMEX COMPOSITE PRICES

4 pm close January 24

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NASDAQ NATIONAL MARKET

4 pm close January 24

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AMERICA

Dow moves up on IBM and Caterpillar

Wall Street

US share prices were mixed yesterday morning but strong performances by IBM and Caterpillar pushed the Dow into record territory once again, *writes Frank McCurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 15.75 ahead at 3,930.23, after crossing the 3,900 threshold for the first time on Friday. The more broadly based Standard & Poor's 500, which lagged behind the Dow last week, edged up 0.02 to 474.74. In the secondary markets, the American SE composite was 0.94 lower at 483.80, and the Nasdaq composite ebbed 0.55 to 793.73.

Volume on the NYSE was moderate, with 171m shares traded by 1 pm.

The only economic announcement due out yesterday was the release of the Treasury's budget statement at around 2 pm.

But in spite of the strength of pivotal cyclical issues – *those likely to benefit most from economic expansion* – investors were concerned over the narrow breadth of the market's recent advances. Analysts said that some stocks slipped in a follow through to gains related to the "double-witching" expiration of stock options on Friday.

International Business Machines was at centre stage amid growing anticipation that the struggling computer company would today report its first profit since the second quarter of 1992. The stock climbed $2⅝ to $57⅞ in heavy trading which lifted it to the top of the NYSE's most active list.

Caterpillar also propelled the Dow higher. It jumped $2⅛ to $101⅛ in a continued response to its strong earnings report late last week. The stock also benefited from an upgrading by Morgan Stanley.

Among the other Dow components pushing the index to new heights, International Paper added $⅜ to $75¼, Sears $⅞ to $53 and Alcoa $⅞ to $75½. However, Boeing slipped $¼ to $45¼ on the announcement of fourth-quarter earnings of 89 cents a share, against $1.05 a year earlier.

In the oil sector, Chevron stood out with a $1¼ gain to $92¾. Texaco added $⅝ to $66⅝ after posting a slight gain in fourth-quarter net income to $349m.

Travelers, recently merged with Primerica, was marked up $⅝ to $39⅝ after reporting a commendable performance in the quarter.

Computer issues were generally stronger. Computer Associates was $1½ ahead to $39⅞ in a continued rebound from a sharp sell-off last week. Advanced Micro Devices gained $1 to $20¾ and Compaq $⅝ to $83¾. However, Digital dropped $1 to $30½.

Profit-taking pushed the Nasdaq down slightly after Friday's record-setting performance. An exception to the general trend was Cyrix, which *jumped $3¾ to $34 on a report* that it had gained ground in a legal battle to sell clones of Intel computer chips. Intel edged $⅛ up to $65¼.

Canada

Toronto remained under pressure at midday from weakness in the precious metal sector, down 1.7 per cent, which was driven lower by weak bullion prices.

The TSE 300 composite index was off 29.46 at 4,472.48 by midsession with only the utilities sector showing any positive signs, up 12.16 at 3,597.55.

SOUTH AFRICA

The market found little support, with the golds index extending Friday's 5.8 per cent fall with a loss of 33 at 1,910. The overall index weakened 45 to 4,739 and the industrial index shed 33 to 5,450. SAB declined R2.75 to R82.25.

ASIA PACIFIC

Nikkei drops 4.9% after reform bill rejection

Tokyo

The Nikkei average plummeted 4.9 per cent as political uncertainty following last Friday's rejection of the political reform bill in the upper house triggered heavy selling, *writes Emiko Terazono in Tokyo.*

The 225-issue index lost 954.19, its biggest one-day drop, to 18,353.24 as investors and brokers who had bought stock ahead of the vote rushed to adjust positions. The Topix index of all first section stocks weakened 70.85, or 4.5 per cent, to 1,499.06 and in London the ISE/Nikkei 50 index recovered 5.77 to 1,243.67.

"It was total confusion," said Mr Yasuo Ueki at Nikko Securities, describing the panicky selling which wiped out 4.3 per cent of the market's total equity capitalisation. However, he added that foreign investors were buying some of the shares which domestic investment trusts and financial institutions had unloaded.

The vote in the upper house came after the market had closed last Friday, stunning investors who had bought heavily in expectation of the bill's passage.

Overseas buying of Japanese shares this year is believed to be on a medium to long term investment basis, offering a relatively low risk of selling on a snap fall in share prices. But an increase in political uncertainty could stall further support from foreign parts.

Mr Jason James, a strategist at James Capel, said that although prospects of lower interest rates were positive for the stock market, he was cautious on the short term due to the possibility that the cabinet would be forced to resign, which would be followed by a general election next month.

The Nikkei opened at the high of the day of 19,294.43 and hit a low of 18,320.33 just before the market closed. More than 80 per cent of first section stocks were left untraded in the first hour of the session due to mounting sell orders and lack of buyers.

Volume totalled 360m shares, against 462m. Declines overwhelmed advances by 1,105 to 15, with 17 issues unchanged. Bank shares, which had recently been firm on arbitrage-linked buying, were among the heaviest losers, with Industrial Bank of Japan down Y170 to Y3,080.

Nippon Telegraph and Telephone gave up Y40,000 to Y840,000, ending its 17-day rising streak. East Japan Railway shed Y35,000 to Y461,000.

High-technology stocks faced heavy selling from dealers. Sony retreated Y200 to Y5,660 and Fujitsu Y41 to Y888.

In Osaka, the OSE average fell 874.22 to 20,200.56 in volume of 49.8m shares.

Roundup

If anything, Tokyo's woes diverted funds into other Asian markets, although some brokers said that an extended fall in Japanese stocks could depress the region.

BANGKOK forged ahead 3.8 per cent in moderate trading, speculators concentrating on the finance sector in anticipation of strong 1993 earnings.

The SET index closed 53.13 higher at 1,461.59 in turnover of Bt13.8bn. The finance sector jumped 7.7 per cent, banks following with a 4 per cent gain.

Brokers said Thai investors dominated trading, with foreigners continuing to stay on the sidelines. Nava Finance was up Bt18 to Bt226, Asia Securities Bt11 to Bt128, Dhana Siam Bt44 to Bt578 and Finance One Bt34 to Bt384.

BOMBAY put on 2.7 per cent, rising sharply in the second half of the trading session on renewed demand from foreign institutional investors. The BSE index finished at a provisional 3,853.1, up 100.6.

Brokers said there was aggressive buying, particularly by Morgan Stanley, which recently attracted Rp9bn in a mutual fund offer, and Unit Trust of India, the country's largest fund of this type.

SINGAPORE's Straits Times Industrial index ended 36.54, or 1.6 per cent, stronger at 2,318.27, with institutional buying again in evidence. Jurong Shipyard moved forward 80 cents to S$14.30, F & N 80 cents to S$17.50 and Keppel Corp 60 cents to S$11.60.

HONG KONG ended higher, but off its peak after profit-taking had trimmed early gains. Brokers said Japanese and US investment houses diverted funds from falling Tokyo stocks into other Asian markets, but profit-taking hit afternoon trade and the Hang Seng index closed a net 140.72, or 1.2 per cent, ahead at 11,600.09, down from a morning high of 11,708.56.

Hutchison Whampoa led the market higher on news that it was buying out the management contract of the Hong Kong Hilton. Investors interpreted the move as signalling that it would cash in on the redevelopment value of the hotel site and Hutchison shares advanced HK$1.50 to HK$41.

SEOUL saw renewed interest in asset play counters and the composite index added 10.21 at 887.96. KUALA LUMPUR finished mostly lower on lack of support, although gains in selected blue chips left the KLSE composite index 0.79 firmer at 1,064.55.

AUSTRALIA lost ground as a softer gold price and the plunging Japanese stock market encouraged investors to take profits. The All Ordinaries index closed 25.8 down at 2,224.5 in turnover of A$494.8m, gold shares dropping just over 4 per cent to 2,547.6.

KARACHI ended sharply lower for the third straight session, the KSE index losing 68.08 to 2,202.21, although it recovered slightly from a fall of *78.04 one hour before the close.*

EUROPE

Frankfurt and Paris move from weakness to strength

The outstanding feature yesterday was the move from weakness to strength in both Frankfurt and Paris, *writes Our Markets Staff.*

FRANKFURT dug itself out of Friday's depression, but not before the Dax index had fallen nearly 40 points to a morning low of 2,035.76. Worries about possibly negative M3 and inflation indicators weighed it down, said Mr Nigel Longley at Commerzbank in Frankfurt.

However, sentiment was rescued by January inflation figures from North Rhine Westphalia which, at 3.3 per cent per annum, were slower than expected. The Dax moved to an official close of 2,080.01, up a token 4.40, and carried on climbing in the post bourse to end at an Ibis-indicated 2,107.29, 3.5 per cent above its nadir.

Turnover fell from DM13.7bn to DM10.5bn. At the official close there were more significant losses than gains among blue chips, but the rising dollar brought strength to the big three chemical stocks, where Bayer led with a gain of DM8.50 to DM351.50.

Elsewhere, Siemens rose DM9.60 to DM715 with its weak *profits news apparently* digested and the pharmaceuticals group, Schering, put on DM42, or 4 per cent to DM1,065 on its BetaSeron prospects, and after a fall from a 1993/94 high of DM1,188.50.

All this compensated for weakness in banks, depressed by their rights issues, and in automotive stocks. After hours, the March Dax future closed 39.5 higher at 2,129, and US buying took Bayer and Siemens further ahead, to DM358 and DM721 respectively.

PARIS closed the account on a high note on lingering hopes that the Bank of France might make a small cut in interest rates this morning. Support for companies which have recently reported 1993 results also contributed to the improved sentiment which lifted the CAC-40 index by 30.52, or 1.4 per cent to 2,274.49.

Turnover was firm at FFr6.4bn.

Among the day's most actives UAP rose FFr43 or 7 per cent to FFr650 after the insurer made a favourable estimate for 1993 and said that it was seeking to expand into the UK in an effort to increase its market share.

St Gobain continued to firm following last week's good earnings news, the shares adding another FFr22 or 3.3 per cent to FFr686, while Bouygues firmed FFr18 to FFr733 ahead of today's results.

Both Euro Disney and Eurotunnel performed well, the former gaining FFr1.45 to FFr37.35 and the latter FFr2.05 to FFr51.95, lifted by news that the UK government had confirmed the route of the fast rail link from London to the Channel ports.

AMSTERDAM built on Friday's advance and the AEX index pushed briefly through the 430 level during the session before settling back to close 1.23 higher at 429.75.

Good gains continued to be achieved by the heavily weighted stocks, such as Royal Dutch, up Fl 1.60 at Fl 213.60. However, there was also strong activity elsewhere as investors digested positive news. Polygram, for instance, rose during the session to an all-time high on reports that it was involved in discussions to establish a new music-video television channel. The shares finally closed up Fl 1.90 at Fl 80.10.

Fokker also went higher on reports that it had secured a Fl 250m contract to supply aircraft to a French airline, with the shares ending up Fl 1.50 to Fl 23.50.

MILAN recouped Friday's losses on strength in the industrial sector. The Comit index improved 4.30 to 617.90.

Montedison led the rise, gaining 1.9 per cent to L1,015 as hopes resurfaced for a recovery in this sector. Olivetti also benefited from renewed hopes that it would win the second cellular telecom licence to be awarded later this year, the shares putting on L79 to L2,358.

Fiat was another of the day's gainers with suggestions that it might sell one of its divisions – Snia being mentioned. The carmaker added L66 to L4,510, and Snia L43 to L1,605.

ZURICH recovered from early weakness to close steady, but in very limited trading, the SMI index closing 2.5 higher at 3,041.8.

MADRID eased across the board after hitting a succession of all-time highs last week, the general index falling 2.29 to 339.01 in turnover of Pta33.9bn.

In banks, BCH lost Pta80, or 2.5 per cent to Pta3,085 in volume of over 900,000 shares.

DUBLIN was pulled back by a bout of profit-taking following the market's strong forward movement since the beginning of the year, said Mr Adrian O'Carroll at Dillon Read. The ISEQ index closed down 17.98 at 2,049.48.

ATHENS continued its recovery after last week's corrections, the general index closing 27.46 higher at 1,176.83; but brokers were not sure of its next move, saying that there was support at 1,150, and resistance at 1,200. ISTANBUL tumbled by nearly 7 per cent as the central bank continued to raise short-term borrowing rates to defend the lira against the dollar. The composite index ended at a provisional 24,280.75, down 1,812.17.

Written and edited by William Cochrane and John Pitt.

FT-SE Actuaries Share Indices

Jan 24 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1463.19	1465.37	1468.19	1471.00	1475.88	1478.93	1482.46	1482.11
FT-SE Eurotrack 200	1555.51	1556.36	1557.77	1560.94	1564.06	1564.73	1568.65	1568.02

	Jan 21	Jan 20	Jan. 19	Jan. 18	Jan. 17
FT-SE Eurotrack 100	1471.66	1475.95	1488.83	1479.03	1474.05
FT-SE Eurotrack 200	1562.83	1560.50	1570.42	1559.36	1552.53

Base value 1000 (26/10/90); Highday 100 - 1483.18, 200 - 1569.06 Lowday 100 - 1463.07 200 - 1554.34

Measured view of Japan's prospects

By John Pitt

The failure of the Japanese government to secure passage of the political reform bill through parliament last Friday came too late to affect the performance of that country's component in the FT-Actuaries World index.

However, yesterday's sharp fall in the Nikkei average as a consequence of the bill's defeat could, barring an uptick later in the week, have a significant short term effect on the Asian markets in particular and the world in general.

Nevertheless, many strategists remain confident about the longer term picture in Japan, with Nomura's Mr Nicholas Knight, for instance, making the point that an economic stimulation package still looks likely.

"Whatever their differences with regard to political reform, all [parties] are agreed upon the need for significant further economic stimulation, via a package containing substantial income tax cuts and further spending measures: a cut in the discount rate also becomes an immediate probability," he says.

Mr Albert Edwards at Kleinwort Benson also takes a more measured view of Japan's current political crisis. He notes that a number of fund managers have been making strategic moves into the market recently, and that others are likely to move in now as equity prices fall, thereby underpinning the Nikkei.

"I am still quite happy about things," he said yesterday, "since this sort of volatility is not a major surprise: we have seen the Nikkei reach 21,000 [in August 1993], then slip to 16,000 [in November 1993], before bouncing back to 19,000. What we have seen now is people unwinding positions on hopes that the reform package would be passed: those same people will return on a 12-month view, given expectations of further interest rate cuts and other fiscal incentives."

Volatility in Asia was also expressed last week in Malaysia, measuring the world's largest one-week decline, and contrasting with Hong Kong's similar but positive advance. Kuala Lumpur, comments Mr David Bates of Asia Equity, has been affected by worries over a provincial election in Subah and foreign exchange instability.

However, it is also worth keeping in mind that Malaysia enjoyed a 50 per cent rise in local currency terms in the last quarter of 1993.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+0.75	+5.48	+52.17	+45.93	+36.55	+34.83
Belgium	+0.95	+1.53	+29.50	+33.71	+23.82	+22.26
Denmark	+0.48	+8.85	+41.37	+53.14	+43.38	+41.58
Finland	+2.28	+16.07	+120.25	+126.42	+111.40	+108.75
France	-0.58	+1.25	+29.67	+27.97	+20.68	+19.16
Germany	-2.45	-5.89	+30.89	+33.78	+25.58	+23.99
Ireland	+3.56	+12.65	+71.86	+73.44	+54.80	+52.84
Italy	+2.09	+0.55	+30.49	+44.10	+26.32	+24.73
Netherlands	+1.65	+3.89	+42.49	+44.51	+36.04	+34.33
Norway	+2.32	+11.58	+49.04	+53.84	+43.40	+41.59
Spain	+0.53	+3.68	+40.92	+54.94	+25.64	+24.06
Sweden	+2.45	+9.57	+51.43	+50.74	+33.86	+32.18
Switzerland	+1.83	+3.17	+47.46	+48.16	+50.02	+48.13
UK	+2.71	+3.23	+27.89	+25.32	+25.32	+23.75
EUROPE	+1.23	+2.07	+33.50	+33.94	+28.52	+26.90
Australia	+2.17	+7.50	+42.73	+39.37	+44.23	+42.41
Hong Kong	+6.04	+3.67	+97.98	+111.71	+114.94	+112.23
Japan	+3.00	+9.55	+24.42	+20.34	+36.83	+35.10
Malaysia	-6.53	-9.82	+96.32	+93.65	+87.00	+84.65
New Zealand	+2.03	+8.60	+58.58	+50.53	+68.02	+65.91
Singapore	-2.09	-4.27	+54.53	+54.36	+59.86	+57.86
Canada	+0.30	+5.76	+30.78	+27.43	+25.06	+23.49
USA	-0.14	+1.39	+8.28	+8.30	+9.68	+8.30
Mexico	+4.78	+3.75	+46.99	+47.83	+50.39	+48.50
South Africa	-2.50	+0.91	+49.65	+54.97	+72.98	+70.79
WORLD INDEX	+1.21	+3.78	+21.91	+21.06	+25.18	+23.82

† Based on January 21st 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JANUARY 21 1994								THURSDAY JANUARY 20 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	178.16	-1.0	176.71	125.26	161.88	168.64	-0.7	3.05	179.90	177.88	126.80	162.35	169.76	179.90	118.12	118.12
Austria (17)	188.98	-1.4	187.41	132.85	171.87	171.31	-0.8	0.93	191.56	189.39	135.02	172.87	172.60	191.92	134.09	134.09
Belgium (42)	162.89	-0.8	161.54	114.51	147.97	146.06	-0.4	3.94	164.28	162.42	115.80	148.25	146.62	166.01	137.77	137.77
Canada (107)	142.80	-1.3	141.62	100.39	129.73	135.68	-1.1	2.47	144.70	143.05	101.99	130.58	137.25	145.31	111.41	111.41
Denmark (32)	263.50	-1.9	261.32	185.23	239.37	243.25	-1.4	0.93	268.52	265.47	189.27	242.32	246.83	289.46	195.66	203.96
Finland (22)	145.31	-1.1	144.11	102.15	132.00	173.01	-0.6	0.60	146.91	145.24	103.55	132.57	173.98	146.31	65.50	67.81
France (99)	175.38	-0.9	173.93	123.29	159.32	163.22	-0.6	2.85	177.02	175.01	124.78	159.75	164.15	182.15	142.90	147.10
Germany (58)	129.00	-2.2	127.94	90.69	117.19	117.19	-1.5	1.78	131.86	130.37	92.95	118.99	118.99	142.38	105.56	106.62
Hong Kong (56)	470.21	1.9	466.33	330.55	427.16	466.21	1.9	2.33	461.66	456.33	325.34	416.53	457.77	506.56	225.77	237.12
Ireland (14)	207.53	0.2	205.82	145.89	188.53	204.45	0.9	2.72	207.17	204.82	146.03	186.96	202.60	207.53	129.29	138.88
Italy (68)	68.44	0.4	67.87	48.11	62.17	87.01	0.8	1.89	68.18	67.40	48.06	61.53	86.35	78.93	55.21	60.42
Japan (469)	141.90	1.6	140.73	99.75	128.91	99.75	1.3	0.82	139.68	138.10	98.46	126.06	98.46	165.91	100.97	101.47
Malaysia (69)	482.79	1.1	478.80	339.39	438.59	510.03	1.1	1.42	477.56	472.14	336.61	430.96	504.73	621.63	258.19	260.14
Mexico (18)	2447.13	2.1	2426.89	1720.26	2223.03	8310.32	2.1	0.61	2397.46	2370.25	1689.89	2163.51	8141.63	2457.88	1410.30	1665.35
Netherland (26)	203.37	0.1	201.69	142.96	184.75	181.63	0.6	2.92	203.25	200.95	143.27	183.42	180.47	203.67	163.15	153.79
New Zealand (14)	71.16	-0.8	70.57	50.02	64.65	66.70	-1.0	3.51	71.75	70.94	50.58	64.75	67.38	71.75	40.56	40.66
Norway (23)	194.99	0.0	193.37	137.07	177.13	198.92	0.0	1.28	195.03	192.81	137.47	176.00	198.86	195.63	139.48	143.50
Singapore (45)	336.81	1.0	334.02	236.77	305.97	248.99	0.7	1.66	333.53	329.75	235.10	300.39	247.38	378.92	211.20	211.20
South Africa (60)	252.94	-2.8	250.85	177.81	229.78	243.53	-1.8	2.33	260.13	257.17	183.35	234.74	247.89	280.26	155.09	155.09
Spain (42)	144.67	-0.6	143.47	101.70	131.42	156.80	-0.1	3.82	145.60	143.94	102.63	131.39	156.99	146.48	116.33	128.50
Sweden (36)	218.83	0.3	217.02	153.83	198.79	261.29	0.0	1.34	218.13	215.66	153.75	196.85	261.26	219.84	149.69	161.21
Switzerland (49)	167.40	-1.0	166.01	117.68	152.07	152.12	-0.2	1.43	169.15	167.23	119.23	152.66	152.48	169.15	109.14	112.39
United Kingdom (215)	213.29	0.1	211.52	149.94	193.76	211.52	0.4	3.40	213.17	210.75	150.26	192.38	210.75	213.29	162.00	169.34
USA (518)	192.88	-0.1	191.29	135.59	175.22	192.88	-0.1	2.71	193.02	190.83	136.06	174.19	193.02	193.24	176.29	178.13
EUROPE (744)	172.60	-0.5	171.17	121.33	156.79	167.23	-0.1	2.72	173.53	171.56	122.31	156.69	167.41	173.63	134.16	136.77
Nordic (113)	210.17	-0.4	208.43	147.74	190.92	219.22	-0.4	1.14	211.03	208.64	148.75	190.44	220.12	212.06	142.13	149.21
Pacific Basin (722)	154.55	1.4	153.28	108.65	140.40	112.19	1.2	1.09	152.35	150.62	107.39	137.49	110.84	168.80	106.17	106.54
Euro-Pacific (1466)	161.91	0.6	160.57	113.82	147.08	133.45	0.6	1.81	161.01	159.18	113.49	145.30	132.62	162.87	118.78	118.78
North America (625)	189.76	-0.1	188.19	133.40	172.38	188.93	-0.1	2.70	190.01	187.85	133.93	171.47	189.18	190.01	172.67	174.01
Europe Ex. UK (529)	147.94	-0.9	146.71	103.99	134.39	141.81	-0.4	2.25	149.32	147.62	105.25	134.75	142.40	150.17	115.10	116.95
Pacific Ex. Japan (253)	275.63	0.8	273.35	193.76	250.39	254.70	0.8	2.38	273.49	270.39	192.78	246.81	252.66	296.21	155.37	156.20
World Ex. US (1651)	163.94	0.5	162.59	115.25	148.93	136.72	0.6	1.82	163.17	161.32	115.01	147.25	135.96	163.94	119.91	119.91
World Ex. UK (1954)	168.69	0.3	167.30	118.59	153.24	148.86	0.3	2.00	168.20	166.29	118.56	151.78	148.30	168.69	135.66	135.66
World Ex. So. Af. (2109)	172.10	0.3	170.68	120.98	156.34	153.51	0.3	2.15	171.56	169.63	120.94	154.84	152.96	172.10	138.60	138.60
World Ex. Japan (1700)	190.42	-0.2	188.84	133.86	172.98	186.70	0.0	2.64	190.83	188.66	134.51	172.20	186.77	191.28	159.44	159.47
The World Index (2169)	172.57	0.3	171.14	121.31	156.77	154.25	0.3	2.15	172.11	170.16	121.31	155.31	153.75	172.57	138.60	138.60

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